

EUROPEAN NEWS

Croatia may cut all ties with Serbia

By Laura Silber in Zagreb, Quentin Peel in Bonn and Judy Dempsey in London

CROATIA'S parliament will vote later this week on whether to cut off all ties with Serbia in a move aimed at starving its arch-rival economically. Mr Sime Djodan, the republic's outgoing defence minister, said yesterday in an interview.

He also said a new government would be formed this week in an attempt to harness popular support after months of ethnic clashes which have forced thousands of Croats to flee strife-torn areas. The changes, he said, would represent a wider spectrum.

Mr Djodan, whose views represent the far right of the Croatian government, remains confident that, despite heavy casualties, the republic has not "lost the war." More than 100 people have died in clashes between Croats and ethnic Serbs in Croatia in the past six months.

"If Serbia [Yugoslavia's largest republic] wants war, then we have about 200,000 Croats armed who have volunteered to fight. We will buy guns, anti-tank and anti-aircraft weapons from Hungary, Italy and France because there are many Croats abroad who are prepared to give a lot of money to help Croatia."

His remarks, which suggest that the governments of Serbia and Croatia are preparing to

step up their conflict, coincided with a meeting of the presidents of the six Yugoslav republics. However, Mr Franjo Tudjman, Croatia's president, refused to attend. According to Tanjug, the country's official news agency, Mr Tudjman did not turn up "because of an escalation of [Serbian] terrorism which is supported by Serbian leaders and parts of the federal military."

For the first time in many days, there were no reports of clashes between armed ethnic Serbs and Croats in Croatia. The presidents of the republics met to discuss a European Community proposal to extend to Croatia the EC's mandate to monitor a ceasefire and withdrawal of federal and local territorial defence units to the barracks in neighbouring Slovenia, which has also declared independence.

The EC has insisted that any extension of its involvement in Croatia depends on gaining approval from the Croat and Serb governments.

In Bonn yesterday, it emerged that Mr Hans-Dietrich Genscher, the German foreign minister, was unhappy about the EC's failure to invite to talks in Brussels this week representatives from Croatia, Serbia and Slovenia. Diplomats suggested he saw it as a "missed opportunity."

US-EC talks fail to advance reform

By Andrew Hill and Agencies in Brussels

US trade and agriculture representatives yesterday discussed with EC commissioners the specific problems dogging the Uruguay Round world trade talks under the General Agreement on Tariffs and Trade (GATT), but emerged from their three-hour meeting without having reached firm conclusions on how to resolve the difficulties.

The negotiations which were to have ended last year, collapsed last December when the EC refused to bow to demands made by the US and others for sharp cuts in their payments to farmers.

Yesterday's talks involved Mr Frans Andriessen, the EC trade and external relations commissioner, Mr Ray MacSharry, the farm commis-

sioner, Mr Ed Madigan, the US agriculture secretary and Mrs Carla Hills, US trade representative.

"We tried to go into more specifics of sectors and ways in which we can deal with them. That's a new element," said Mr Andriessen after the meeting.

Mrs Hills said there had been "constructive engagement on a variety of levels", covering outstanding technical and political problems. She added, "We have a good way yet to go."

Mr Ed Madigan, who continued talks with Mr MacSharry last night, made clear the issue of reform of the CAP was an internal matter for the EC.

Push for EC strategy on high-definition TV

By Andrew Hill in Brussels

REPRESENTATIVES of Europe's TV industry met European Commission officials again on Friday, in a last attempt to agree an EC strategy for high-definition TV (HDTV) before the holidays.

Mr Filippo Maria Pandolfi, EC telecommunications and research commissioner, had hoped for an agreement between broadcasters, satellite operators and makers by early August, but that target seems over-ambitious.

"August 2 is the big deadline, but these are big companies and they won't commit themselves to anything legally binding in three days," said a broadcaster yesterday.

Mr Pandolfi met broadcasters and satellite operators yesterday to discuss the HDTV draft directive and a memorandum of understanding to promote the intermediate transmission standard D2-Mac. The eventual aim is a full HDTV standard - the HD-Mac.

Treuhand executive says east German companies have been sold too cheaply

By David Goodhart in Bonn

EAST GERMANY'S privatisation agency, the Treuhand, has been selling companies too cheaply to investors, according to Mr Henk Brahm, the former finance director of Hoechst who is now the deputy-president of the organisation.

Mr Brahm, in an interview with the FT, said the agency initially lacked the expertise to value companies properly. "I know of cases where we have not even included the value of the inventory."

In the past few months the organisation had recruited more people with the relevant expertise and had begun to insist that buyers' promises of investment and jobs were written into sale contracts.

"But we still have problems

with reliable valuation information. Profit and loss accounts, are, for example, often unreliable. For buyers who know an east German business well, it is still possible to get very good deals," he said.

Mr Brahm's comments will be seized on by those, mainly on the political left, who have argued that the organisation is concentrating too much on keeping the headline privatisation figure on a fast rising curve (2,600 at the latest count) while doing too little to restructure companies and enhance their value for sale.

Mr Brahm denied there was any conflict between privatisation and restructuring and said the Treuhand had only

Diamonds official finds party is forever

Leyla Boulton and Anthony Robinson unearth some sparklers in Soviet gems policy

A YEAR after senior Soviet officials were disciplined by the Communist party for irregular trading in diamonds, the state prosecutor has closed a subsequent judicial investigation after finding "certain violations but no grounds for criminal prosecution."

Mr Nikolai Sapozhnikov, a member of the investigating team, said the government had been informed of these violations which apparently stemmed not from fraud but from high-level and continuing differences over the Soviet Union's diamond marketing strategy.

The man at the heart of last year's initial investigation by the disciplinary committee of the Communist party was Mr Yevgeny Bikhov, the then head of the Soviet Union's precious stone depository, Gokhran. He and senior finance ministry officials were accused of "failure of discipline and of crude violations in the conduct of commercial operations involving the sale of state-owned precious stones for hard currency on foreign markets."

But Mr Bikhov, who, together with his colleagues at the finance ministry, was accused of losing at least \$22m on the secret sales, has since been made director of a new division of the finance ministry set up to control the state's use of precious stones.

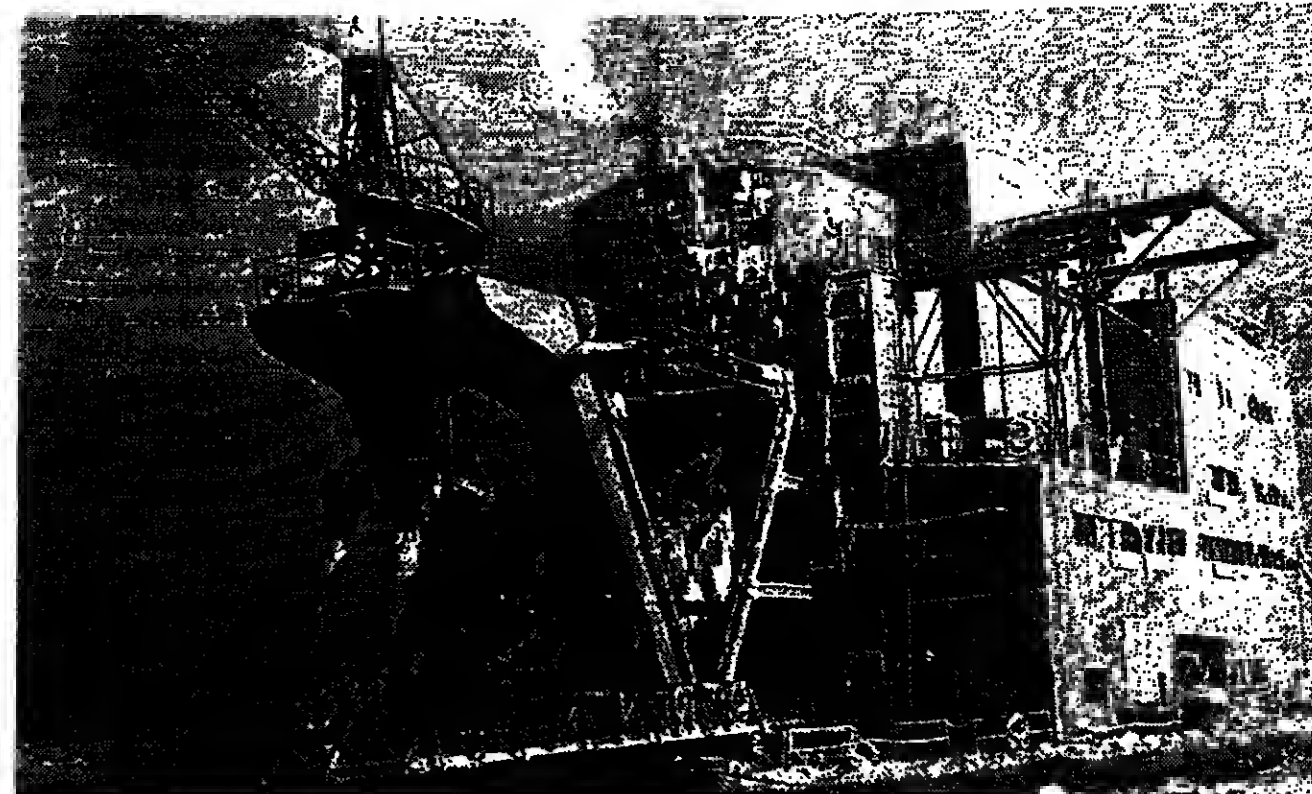
In an interview he denied that losses were involved and said that the aim of the controversial sales, sanctioned by the cabinet of Mr Nikolai Ryzhkov, the former prime minister, was to check whether Glavalmazoloto, the state monopoly for precious stones and metals sales, was getting a fair price for Soviet diamonds.

But his operations, which included the use of a state-owned co-operative called ANT (itself involved in controversial arms sales) as an intermediary, were intended to ensure that the diamonds could come to any conclusions about official Soviet diamond trading.

Mr Bikhov is bitter about the parallel system of justice operated by the Communist party, a relic of the old system of intertwined party and state structures, and says the central committee investigator, who used the services of the KGB, "knew nothing about diamonds."

He believes that the Communist party accusations were prompted by Glavalmazoloto senior management which was putting the finishing touches on last year's unprecedented deal with De Beers.

The Swiss arm of the De Beers diamond corporation, under the agreement, Moscow transferred its diamond stockpile to



Before and after: a giant dredger (above) scoops diamond-bearing soil from the bottom of a frozen river in the depths of the Siberian winter at the start of a long process ending (below) in a jeweller's window.

London as collateral for a \$1bn loan. Glavalmazoloto also signed an agreement giving De Beers Central Sales Organisation (CSO) exclusive right to sell uncut Soviet gem diamonds worth an estimated \$3bn over the next five years.

Although the diamond deal gave Moscow immediate access to hard currency it has not stopped a continuing domestic dispute over whether Moscow was getting the best value for its diamonds.

Last week, an expert from the ministry of foreign trade's research institute wrote that the De Beers agreement committed the Soviet Union "to a second rate position for five years." Mr Igor Kazakov, an expert on diamonds, claimed that analysis of the agreement showed a "complete lack of professionalism of its Soviet authors" and he called for a break-up of the state monopoly, Glavalmazoloto.

His views were dismissed by Mr Valeri Rudakov, the head of Glavalmazoloto, who defended the agreement with De Beers saying a monopoly system was needed for the diamond market. But Mr Bikhov, who has emerged as one of the strongest critics of the state monopoly, supported this latest criticism of the De Beers link.

Although he added that he would not investigate the deal since the Soviet Union could not go back on it.

The \$1bn loan raised from De Beers on the collateral of the diamond stockpile was to be used for investment and



technical assistance to develop the Soviet diamond industry. In practice however the funds have "gone to the government for its needs," according to Mr Rudakov, and only a corresponding sum amount has been allocated to the industry.

De Beers meanwhile reports no problems with a deal which formalised a decades-long secret relationship and ensured that the cash-strapped Soviet government would not undermine the centralised marketing system either by off-loading diamonds on to the market or by pledging diamonds as collateral for future borrowing. Payments on the loan were "coming in like clockwork," a spokesman said.

Mr Gary Ralfe, a De Beers director who helped negotiate the original deal and who keeps in close touch with the Soviet partners, added that the Soviet diamond industry is continuing to invest in the main Yakutia production area in eastern Siberia while evaluating new kimberlite deposits of diamondiferous material in the Archaigorsk area of arctic Russia.

The \$1bn loan to Glavalmazoloto was not projected but specifically tied to development of the diamond industry and investment is clearly taking place," Mr Ralfe said. "We have been impressed by the

efficiency of their industry. Some things in the Soviet Union still work well, like the Moscow metro. And so does the diamond industry."

Mr Nicholas Oppenheimer, the CSO chairman, recently visited Yakutia, source of more than 80 per cent of current Soviet diamond production, and signed a general agreement to "widen areas of future co-operation and liaisons on technical and related subjects" with Mr Mikhail Nikolayev, the Yakut leader.

This gold- and diamond-rich area of eastern Siberia is an autonomous republic of the Russian federation and has been involved in complex negotiations with federal and all-Union authorities, led by President Mikhail Gorbachev and the Russian Federation, led by Mr Boris Yeltsin. Under the new Union Treaty, currently being finalised, Yakutia expects to be allowed a greater share of its hard currency revenue to be controlled locally.

The new tripartite division of powers is likely to have a big impact on the future of Glavalmazoloto which could be "transformed" in the near future, according to Mr Rudakov. This prospect is not yet furrowing brows at CSO headquarters in London. From there the hope is that the new "travelling" arrangement, which will see the Yakutia and the two Moscow-based power centres will lead to a solution which keeps their five-year deal intact.

EC and Efta try again to create common zone

By David Buchan in Brussels

THE European Community and the European Free Trade Association will try again in September to create a common 19-nation economic zone, following their failure to agree here on Monday night.

Both sides fear the achievement of two years of talks on the European economic area (EEA) may start coming apart. Efta has raised new difficulties about textiles and shipbuilding subsidies, while the desire of Britain and Ireland to protect their newly-developed fish farming industries has

made the Community less keen to abolish tariffs on competing imports of Efta fish products.

Today's option by the Commission on Austria's EC application, following the EC's agreement to broadly favour starting negotiations in 1993 - may undermine the growing view that the EEA is nothing but an unsatisfactory half-way house for Efta states on their way to joining the EC club.

But the negotiating gap on the key remaining sticking points - EC demands for Efta money, fish and road transit

rights - is no wider than at the last ministerial negotiation in June when both sides over-optimistically declared a political breakthrough. "If it was wrong to declare a breakthrough in June, it would be equally wrong to declare a breakdown on Monday night," said one diplomat yesterday.

Robert Taylor adds from Stockholm: Norway's government is to recall parliament from recess on August 15-16 to discuss the deadlock in negotiations.

The failure to secure a deal on fishing this week has shocked Norwegians, who had expected a quick settlement.

Norway thought it had secured, in talks last month, following the visit by Mr Pierre Bérégovoy, the French economic minister, to Mr Sid Ahmed Ghozali, the new Algerian prime minister, on Monday.

Mr Bérégovoy said he would also encourage Credit Lyonnais to speed up its attempts to raise a \$800-91bn bank credit, whose aim is to refinance principal commercial bank debt due in 1990-1991. He also said that Total was close to signing an agreement with the Algeria states oil and gas monopoly, Sonatrach, allowing the French company to acquire a 20-25 per cent stake in Algeria's Hassi Messaoud oil field.

Mr Ghozali reiterated his commitment to accelerate the settling of Algerian payments arrears to France. Delays since September 1989 have been the subject of much concern in Paris. He also repeated his government's commitment to avoid rescheduling its \$25bn foreign debt and seek all means to refinance payments of principal over the next few years.

The French package includes five separate loans:

● FF2bn is the reactivation of the second tranche of a FF4bn loan agreed in 1989 and which was never drawn down, half of which is in the

attitude of some Community states during the EEA negotiations could turn already divided public opinion against the EC.

Feelings are running high in Norway. Several political parties have demanded a referendum on any EEA agreement. While the government is unlikely to agree to this, the deal will need a three-quarters majority in parliament.

If an EEA agreement is not reached this autumn other Efta countries may seek individual deals with the Community.

FRANCE HAS announced a package of credits worth FF4.4bn (\$480m) to Algeria following the visit by Mr Pierre Bérégovoy, the French economic minister, to Mr Sid Ahmed Ghozali, the new Algerian prime minister, on Monday.

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form of 30-year concessional financing.

● Two of FF1bn each will be raised on market terms and carry no guarantee from the French export credit guarantee organisation, Coface. The first will be used to import cars from Renault and Peugeot, the second consumer goods.

● FF300m will be used to import spare parts for priority sectors of the economy.

● FF100m will help finance joint ventures between French and Algerian companies.

France is also expected to provide credits which would allow Algeria to buy 1m tons of cereals this year.

If all these credits are drawn down, this will bring the value of loans to Algeria guaranteed by Coface to FF4.4bn, thus confirming Algeria as its third largest customer after the Soviet Union and Iraq.

In a further development, the ECUS500m (\$547m) loan guarantee in support of Algeria's recovery approved by EC heads of government early this month will only be activated once the Credit Lyonnais-led operation has been completed.

The Director General of the IMF, Mr Michel Camdessus has congratulated Algeria for its "courage" in accepting to pay the debts it had contracted.

Opposition walk-out, Page 6

Walesa says reforms have stalled

PRESIDENT Lech Walesa yesterday blamed his Solidarity government for being too remote from society, saying Poland's reforms had stalled and democracy was faltering.

"The organisational achievements in Poland of democracy and pluralism, the values in which I believe, appear to be failing," Mr Walesa said.

The remarks marked the start of what Mr Walesa has billed as a political offensive to get Poland's reforms back on track and counter a mood of widespread disenchantment.

Three months before Poles vote in their first free postwar parliamentary elections, industry is in deep recession and nearly one in four Poles in an opinion poll published last week, said the Communist regime has been replaced by a Solidarity dictatorship.

● More than 12,000 employees at Poland's state-owned Ursus tractor enterprise will be put on indefinite leave starting Monday because of the enterprise's disastrous finances, AP reports from Warsaw.

Romania closer to privatisation

Romania's upper house of parliament yesterday voted to pass a privatisation bill designed to take the country closer to a market economy, Reuters reports from Bucharest.

Under the bill one-third of state businesses will be distributed to the adult population through vouchers used to buy shares. The rest will be privatised piecemeal through auctions, direct sell-offs and joint ventures.

Aids tests for German doctors

GERMANY'S health ministry and doctors' associations agreed yesterday to recommend regular voluntary Aids testing for doctors and dentists who could not themselves and infect patients, Reuters reports from Bonn.

Ms Gerda Hasselfeldt, the health minister said, this was prompted by a US case in which a young woman was infected by her dentist.

Debriefing Turkish swimming trunks

Turkish men can now buy "Islamic style" bathing costumes which cover the body from hip to knee and do not cling to the figure when wet, Reuters reports from Ankara.

They come from the Tekbir Tesisatir Gilyim factory in the central city of Kayseri, which specialises in religiously correct clothing, the semi-official Anatolian News Agency reported.

Lisbon attacked by industry

The Confederação da Indústria Portuguesa (CIP), Portugal's largest industrial association, yesterday criticised the government's economic policies and accused it of failing to assist Portuguese industry, writes Patrick Blum in Lisbon.

High inflation, high interest rates and a strong escudo has seriously undermined the ability of Portuguese companies to export, while tight monetary controls denied them foreign credit outside Portugal, Mr Pedro Ferraz da Costa, the CIP president, said.

Austria to buy missiles

Austria's coalition government, citing conflict in Yugoslavia as a factor, said yesterday it would equip its armed forces with advanced anti-aircraft missiles.

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On the overall bank... delivery vehicles.

THE MOSCOW SUMMIT

Bush stresses need to unleash business spirit

By John Lloyd and Lionel Barber in Moscow

PRESIDENT George Bush took the opportunity in his speech to the Moscow State Institute for International Relations yesterday to preach a small sermon about capitalism to Mikhail Gorbachev, his counterpart at the Moscow summit.

"A shortage of foreign capital is not what plunged your economy into crisis, nor can your economic ills be cured by an infusion of cash. Only through real reform can the Soviet Union abolish the counterproductive command economy - only through real reform can the Soviet Union unleash the ingenuity, the energy and the entrepreneurial potential of its people."

This, he said, needed a plan, which must be worked out between the Soviet Union and the International Monetary Fund and World Bank (their co-sponsors of the summit). The programme must "set out priorities... progress rests on the pace of reforms, on the speed with which you move from a system based on command and control to one based on supply and demand."

While Mr Bush stressed the plan which Mr Gorbachev brought to the Group of Seven summit in London earlier this

month, though Mr Bush was too polite to say so.

He was frank enough to say the problem was not just that the Soviets did not need cash, but that the west was not cashing in. Instead of a grandiose government-to-government aid, the two sides "must bring together the businessmen from Europe and America, and their partners from all over the Soviet Union" to discuss concrete projects and possibilities for investment.

In a lunchtime talk yesterday with President Nursultan Nazarbayev of Kazakhstan, Mr Bush got down to one such instance. The development of the Tengiz oil field in Kazakhstan, potentially one of the richest in the world, had been granted to the US Chevron company. The deal is now stalled because of two separate Soviet commission reports casting doubt on the propriety of the agreement and the over-generosity of the terms conceded by the Soviet side.

US officials see the deal as a test case, one in which the division of powers between the centre and the republics must be clarified and firm guarantees given for the protection of the venture, if this and other deals are to be clinched.

However, both sides recognise that private investment will need a framework within which they can operate comfortably - and that needs, besides a clear reform process, signals from the US that it now treats the Soviet Union as a friendly, rather than a potentially hostile, country.

Apart from the granting of MFN trade status, bilateral investment and tax treaties are to be proposed, designed to give equal opportunities to US investors in the Soviet Union and to avoid double taxation.

At the same time, training and experience-sharing programmes will be built up in energy and defence conversion. In the latter, for example, groups of defence industrialists will be brought to the US to be shown "how the defence industrial system functions in a market economy."

The substance of the agreements is still slender: the main message from the US is still - we will assist, but only if you make the big efforts. "As in eastern Europe, our assistance will keep pace with your reforms," said Mr Bush. Mr Gorbachev has now received that message in many forms: the question now is, his will and ability to act upon it.

Treading warily over independence issue

MR George Bush yesterday met Russian President Boris Yeltsin and Kazakh President Nursultan Nazarbayev - but none of the Baltic leaders, or any from those republics which have so far refused to sign the union treaty.

For Mr Bush, under fire from domestic critics for ignoring the Soviet republics now demanding freedom, the Moscow summit represents a delicate balancing act between distancing himself from the Soviet centre and his anxiety to support President Mikhail Gorbachev.

"Who do we support?" Mr Bush asked rhetorically in his speech yesterday.

The answer: "American stands with the forces of freedom and reform - wherever they are found."

This ringing phrase covers more than it reveals. In the

participants are rarely easily divided into those for or against reform. Nor is Mr Bush

making more than a measured genuflection to republican independence.

The conclusion of the union treaty appeared to come closer yesterday when Mr Yeltsin

announced he was ready to sign it. However, the treaty is likely to be held up by the refusal of the Ukrainian leadership - whom Mr Bush visits tomorrow - to consider signing it until they have agreed on a new republic constitution in the autumn, or later.

While relations between Mr Gorbachev and the republican leaders have improved, they remain touchy, and this touchiness spilled over to the summit yesterday. Mr Yeltsin did not attend a planned joint meeting with Mr Bush and Mr Gorbachev.

His office said an invitation to lunch with them arrived too late to be accepted.

Mr Bush is now putting one foot gingerly out to test the firmness of the republics' developing independence. He keeps his weight, however, on the foot which still stands on the base he has built with the Soviet president - hoping it will remain firm.



George Bush meets Boris Yeltsin yesterday for talks on Russian trade and economics

Israel to be pressed over Middle East peace conference

PRESIDENT George Bush will hold talks today with President Mikhail Gorbachev in a joint effort to secure a final response from Israel on whether to attend a Middle East peace conference, Lionel Barber writes.

The US and Soviet Union intend to act as co-sponsors of a regional conference and the two leaders were hoping to announce the date for a meeting between Israel and the Arab states at the Moscow summit.

However, Israel has sent mixed signals on participating in a regional conference and has passed word that it would like Mr James Baker, US secretary of state, to return to Jerusalem to iron out final differences.

Mr Baker is expected to leave for Jerusalem after the Moscow summit. But US officials played down a suggestion that he would be accompanied by Mr Alexander Bessmertnykh, Soviet foreign minister.

Mr Baker and Mr Bessmertnykh spent much of yesterday discussing the next steps in the Middle East process amid signs of some frustration that Israel had yet to deliver a final reply.

Mr Bessmertnykh dangled the prospect of establishing formal diplomatic recognition of Israel if progress on a peace conference could be made. "We may be close to re-establishment" of relations, he said.

The US and Soviet Union have

described their close consultations on the Middle East as an example of the new partnership between Washington and Moscow. Agreement on a peace conference would be a considerable filip for Mr Bush and Mr Gorbachev.

However, Israel has voiced concern about the issue of Palestinian representation and has objected to Palestinians from east Jerusalem attending. The status of the holy city is one of the central issues in the Israel-Arab conflict.

Doubts rise over value to Moscow of MFN status

By Nancy Dunne in Washington

PRESIDENT George Bush's widely expected concession on Most Favoured Nation (MFN) status for the Soviet Union yesterday was the first summit dividend for President Mikhail Gorbachev. However, trade analysts have doubts about the value to the Soviet Union of the change, which grants the recipient the lowest possible tariffs. Some say there is so little that Americans want to buy from the Soviet Union that tariff rates will matter very little.

About half of all US imports from the country already enter duty-free. These include precious metals, anhydrous ammonia, art, sable skins and tractors.

However, vodka imports will gain, and some investors interested in joint ventures to produce exportable products may be encouraged to move ahead on the grounds that there will be a payoff in hard currency.

While Mr Bush has rebuffed suggestions that the US pour dollars into a reform effort for the Soviet economy, the US Export-Import Bank, the country's export credit agency, has at last begun to announce final commitments for loan guarantees.

The first of these is a \$19.6m (\$11.6m) sale of battery making equipment and related services from Exide, of Troy, Michigan. The second, approved last week, is for the purchase of automotive piston manufacturing equipment from Cross of Fraser, Michigan. Moskvich Production is buying the equipment for use in the production of car engines.

Both deals were concluded in principle last year, before the

Eximbank renewed its activities in the Soviet Union in January after a break of 17 years. However, the sellers were unable to obtain financing to support the transactions.

The bank is limited by law to granting no more than \$300m in guarantees for Soviet purchases. However, Mr Bush is expected to ask for a higher ceiling or no limit at all.

Eximbank has received applications for credit guarantees totalling more than \$1.5bn. Most are for capital equipment and machines to make cars, tyres and airport infrastructure.

The agency has responded with several preliminary commitments. One of these is for the sale of personal computer systems for the Soviet State Committee for Public Education. Another would sell circuit etching equipment for personal computers.

The Bush administration has been more than willing to provide credit guarantees for food purchases. After an initial \$1bn granted last January, \$1.5bn more was approved earlier this summer to boost lagging grain exports.

The Soviets have also received export subsidies for most of their wheat purchases. Although the administration has insisted that the EC phase out its own farm trade subsidies, it is expected to spend \$900m on its controversial "export bonus programme" in fiscal 1992.

Mr Edward Madigan, US agriculture secretary, wants to raise his department's \$5bn credit guarantee limit since half of that has been set aside for the Soviets.

What today's Start treaty will mean

THE Strategic Arms Reduction Talks (Start) treaty, to be signed today in Moscow by Presidents Mikhail Gorbachev and George Bush, will have the following effects, Reuters reports from Geneva.

● The Soviet Union will have to cut its strategic nuclear arsenal by more than 35 per cent to around 7,000 warheads from about 11,000 warheads, though these numbers are not written into the treaty.

● The US will in practice have to cut its arsenal by about 25 per cent to around 9,000 warheads from about 12,000.

● The treaty's detailed provisions are: ● Officially, each side must cut back to 6,000 "accountable" warheads on strategic nuclear weapons.

● The treaty undercounts bombs and missiles launched from bombers, considered to be less destabilising since they can take 10 to 20 times as long as ballistic missiles to reach their destination and can meanwhile be recalled or shot down.

● Under the overall limit of 6,000 accountable warheads, a sublimit is set of 1,540 warheads on 154 of the destabilising heavy intercontinental ballistic missiles (ICBMs). This will require a halving of the Soviet Union's heavy SS-18 arsenal. The US has no heavy ICBMs and no new ones may be built.

● A limit of 1,600 Strategic Nuclear Delivery Vehicles -

that is, ballistic missiles themselves (as opposed to warheads) as well as bombers.

● A limit of 4,900 ballistic missile warheads.

● A limit of 1,100 warheads on deployed mobile ICBMs.

● Intrusive verification measures to ensure compliance, including short-notice inspections at strategic weapons facilities and continuous monitoring of mobile ICBM production facilities.

● No transfer of strategic weapons to third countries, though there will be no interference with existing arrangements such as US weapons supply to Britain. But there will be no inspections for weapons in third countries.

● The treaty will last 15 years, renewable for successive five-year periods.

● The limits affect deployed ICBMs and submarine-launched ballistic missiles (both categories have ranges of more than 3,400 miles), and missiles and bombs launched by heavy bombers, but they do not apply to sea-launched cruise missiles (SLCMs) because of the difficulty of verification.

● Each side will provide annual, politically binding declarations detailing the number of long-range nuclear SLCMs it plans to deploy over the coming five years. But in any case neither side may deploy more than 880 long-range nuclear SLCMs.



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LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORKIn re
PAN AM CORPORATION et al.Chapter 11 Case Nos.
91 B 10080 (CB)
through 91 B 10087 (CB)

Debtors.

NOTICE OF BAR DATE FOR FILING PROOFS OF
CLAIM AND PROCEDURE THEREFOR

Notice is hereby given that, pursuant to an order of this court, dated June 26, 1991, and in accordance with Bankruptcy Rule 3003 (c) (3), the court has set a bar date of SEPTEMBER 19, 1991, AT 5:00 P.M., EASTERN DAYLIGHT TIME (the "Bar Date"), and has prescribed procedures for filing proofs of claim against debtors Pan Am Corporation (91 B 10080 (CB)), Pan American World Airways, Inc. (91 B 10081 (CB)), PAA Corp (91 B 10084 (CB)), Pan Am Express, Inc. (91 B 10082 (CB)), Pan Am Shuttle, Inc. (91 B 10083 (CB)), Alert Management Systems, Inc. (91 B 10087 (CB)), Almet International, Inc. (91 B 10086 (CB)), and Pan Am Commercial Services, Inc. (91 B 10085 (CB)) in the above-captioned chapter 11 cases (collectively, "Debtors"). The deadline and procedures set forth herein apply to all claims of whatever character, arising before January 8, 1991, the date of commencement of Debtors' chapter 11 cases, against any Debtor or its estate, whether secured or unsecured, liquidated or unliquidated, fixed or contingent. IF YOU ARE REQUIRED TO FILE A PROOF OF CLAIM BUT DO NOT DO SO IN THE MANNER AND TIME PRESCRIBED, YOUR CLAIM WILL BE FOREVER BARRED. YOU WILL NOT BE ENTITLED TO ANY DISTRIBUTION ON THAT CLAIM OR TO VOTE ON ANY PROPOSED PLAN OF REORGANIZATION, AND WILL RECEIVE NO FURTHER NOTICES REGARDING YOUR CLAIM.

1. WHO MUST FILE:

You must file a proof of claim if you have a Prepetition Claim (as defined below), unless your claim is of a type described in Paragraph 2 or 4. A Prepetition Claim is defined as a claim that arose before January 8, 1991 in chapter 11 case nos. 91 B 10080 (CB) through 91 B 10087 (CB).

2. WHO SHOULD NOT FILE:

Do NOT file a proof of claim if you do not have a Prepetition Claim against any of the Debtors. This notice is being sent to many who may not have a Prepetition Claim or who are otherwise not required to file a proof of claim. The fact that you have received this notice does not mean that you have a Prepetition Claim or that either Debtors or the court think that you have a Prepetition Claim.

3. PROOFS OF INTEREST:

You are NOT REQUIRED to file a proof of interest by reason of your ownership of shares of common stock of Pan Am Corporation. Future notices to stockholders will be based on transfer agent records.

4. WHO IS NOT REQUIRED TO FILE A PROOF OF CLAIM, BUT MAY DO SO:

You ARE NOT REQUIRED to file a proof of claim, but may do so, if any of the following applies to you:

- You have already filed a proof of claim. You may change your Prepetition Claim by filing another proof of claim and designating it as an amended proof of claim.
- Your Prepetition Claim is listed on the schedules filed by Debtors with the court on May 8, 1991 or any amendments thereto and is not listed as "disputed," "contingent," or "unliquidated," and you agree that your claim has been scheduled accurately.
- Your claim relates only to the principal of and interest payable on the following public debt securities of Pan American World Airways: 9% Convertible Senior Subordinated Debentures due 2010, 15% Senior Debentures due 2004, and 13.5% Senior Debentures with 100% Subordination due 2003. Pan American World Airways has scheduled its liability for the principal of and the interest payable on those securities. Holders of record of those securities at the commencement of distributions will receive any distributions under any confirmed chapter 11 plan or plans for the Debtors.
- Your claim relates only to the principal of and interest payable on Pan Am Corporation Swiss Dual Currency Bonds due 1995. Pan Am Corporation has scheduled a liquidated amount respecting its liability for the principal of and the interest payable on those securities. Holders of record of those securities at the commencement of distributions will receive any distributions under any confirmed chapter 11 plan or plans for the Debtors.

5. MULTIPLE CLAIMS

If you have more than one Prepetition Claim, you should apply Paragraphs 1, 2 and 4, separately, to each of your Prepetition Claims. For example, if you have one Prepetition Claim that should not be filed and a second Prepetition Claim that must be filed, you should file a proof of claim as to the second Prepetition Claim only.

If you have Prepetition Claims against more than one of the Debtors, you should file a separate proof of claim for each Debtor.

6. WHEN AND WHERE TO FILE:

The deadline for filing a proof of claim is 5:00 p.m., Eastern Daylight Time, on September 19, 1991. YOU MUST FILE THE ORIGINAL OF EACH PROOF OF CLAIM, INCLUDING ANY ATTACHMENTS, AT THE FOLLOWING ADDRESS BY MAIL TO:

Bankruptcy Clerk - Pan Am Claims
Post Office Box 1017
Bowling Green Station
New York, New York 10004

OR IN PERSON TO: Office of the Clerk, United States Bankruptcy Court, One Bowling Green, New York, New York 10004

A PROOF OF CLAIM IS NOT FILED UNTIL IT IS RECEIVED BY THE CLERK OF THE BANKRUPTCY COURT. IF YOU ARE SUBMITTING YOUR PROOF OF CLAIM BY MAIL, YOU MUST ALLOW SUFFICIENT TIME FOR DELIVERY. This deadline is absolute, unless your claim:

- Arises from the rejection by debtors after the bar date of an executory contract or an unexpired lease, in which case the deadline will be fixed by the court in the order approving the rejection.
- Arises from a recovery by Debtors of an avoidable transfer made to you, in which case the deadline will be 30 days after entry of the court order or judgment for recovery of the transfer.
- Is a tax claim described in Bankruptcy Code section 502(f), 11 U.S.C. § 502 (f), that does not arise until after the Bar Date.

7. WHAT TO FILE:

If you file a proof of claim, proof of claim forms must conform substantially to the form of Official Form Nos. 15, 20, or 21. If you received this notice by mail, it should be accompanied by the appropriate form. If you received this notice by publication or any other means, you may obtain the appropriate forms from the Clerk's Office of any United States Bankruptcy Court. FAILURE TO USE THESE FORMS MAY RESULT IN A DELAY IN PAYMENT OF YOUR CLAIM. PLEASE TAKE FURTHER NOTICE THAT ALL PERSONS AND ENTITIES OTHER THAN THOSE DESCRIBED IN PARAGRAPHS 2, 3 AND 4 ABOVE MUST FILE A PROOF OF CLAIM ON OR BEFORE THE SEPTEMBER 19, 1991 BAR DATE IN THE ENGLISH LANGUAGE AND ANY AMOUNTS CLAIMED THEREIN MUST BE CONVERTED TO UNITED STATES DOLLARS AS OF THE CLOSE OF BUSINESS JANUARY 7, 1991 USING THE RATES REPORTED IN THE WALL STREET JOURNAL. OTHERWISE THE HOLDERS OF SUCH CLAIMS SHALL BE FOREVER BARRED FROM VOTING UPON OR RECEIVING ANY DISTRIBUTION OF CASH OR PROPERTY UNDER ANY PLAN OF REORGANIZATION, OR FROM ANY SUCCESSOR TO A DEBTOR.

8. ADDITIONAL REQUIREMENTS:

- If you are a stockbroker or other agent of a bondholder (including a record holder or depository agent) and you hold a debt of any of the Debtors as trustee, as nominee, in street name or otherwise, you must transmit a copy of this notice to each beneficial holder of any such security within five days of your receipt of this notice. Upon request, Debtors will supply you with the necessary additional copies of this notice.
- YOU SHOULD INCLUDE ALL CLAIMS AGAINST A DEBTOR ON A SINGLE PROOF OF CLAIM FORM (EXCEPT EMPLOYEE WAGE CLAIMS WHICH MUST BE FILED ON A SEPARATE PROOF OF CLAIM FORM).
- YOU SHOULD ATTACH TO YOUR COMPLETED PROOF OF CLAIM FORM COPIES OF ANY WRITINGS UPON WHICH A CLAIM IS BASED.

9. FURTHER INFORMATION:

If you have a question about this notice, you may contact the Pan Am Bankruptcy Noticing Center at Poorman-Douglas Corporation, 1325 Southwest Custer Drive, Portland, Oregon 97219 (503) 245-5555 during the hours 9:00 A.M. to 5:00 P.M. (Pacific time) or Pan Am Corporation, 9 King Road, Redditch, New Jersey, (201) 767-2012 during the hours 9:00 A.M. to 5:00 P.M. (Eastern time).

If you have questions concerning unsecured creditors of Debtors, you may contact Counsel for the Official Committee of Unsecured Creditors during the hours 10:00 A.M. to 5:00 P.M. (Eastern time), Monday through Friday at: Milgrim, Thorne & Lee, 53 Wall Street, New York, New York 10005, (212) 558-5300.

The schedules in Debtors' cases are available for inspection during regular business hours, Monday through Friday, at the offices of Poorman-Douglas Corporation, 1325 Southwest Custer Drive, Portland, Oregon 97219; at the offices of Pan Am Corporation, 200 Park Avenue, 9th Floor, New York, New York 10161; and at the office of the Clerk of the United States Bankruptcy Court, Southern District of New York, 6th floor, One Bowling Green, New York, New York 10004-1408.

Debtors' Counsel is Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10005.

ANY OTHER QUESTIONS, SUCH AS WHETHER YOU SHOULD FILE A PROOF OF CLAIM OR TAKE ANY OTHER ACTION WITH RESPECT TO YOUR PREPETITION CLAIM, SHOULD BE DIRECTED TO YOUR ATTORNEY.

Dated: New York, New York
July 31, 1991

Consumers show little faith in early recovery

US confidence index stays weak

By Michael Prowse in Washington

US CONSUMER confidence has failed to climb above levels indicating a "feeble economy", the Conference Board, a non-profit New York-based business analysis group, said yesterday.

The board's closely-watched index of consumer confidence registered a disappointing 77.7 in July, fractionally below last month's level of 78.

The index rose sharply in March following the allied victory in the Gulf war but has since drifted lower and remains well below levels that would indicate a brisk economic recovery.

The index registered 101.7 at the start of the recession last

July, and between 100 and 120 for much of the preceding three years.

Separate figures yesterday for home sales, however, were more encouraging. The Commerce Department said sales of new houses rose 7.4 per cent in June to a seasonally adjusted annual rate of \$25,000, well ahead of analysts' expectations.

The June figures, which followed a dip in May, were the best since last summer and offer further evidence that the full recovery of the US housing market is gaining momentum. Housing starts and building permits have also risen in recent months.

Mr Fabian Linden, for the Conference Board, said the confidence figures offered only faint signs of an economic recovery. "Certainly, there are no indications of a vigorous rebound."

The figures are based on a monthly survey of 5,000 US families.

The confidence survey provides the first important economic data for July. If employment statistics and the purchasing managers' index due later this week are also disappointing, the Federal Reserve, the US central bank, may come under increasing pressure to cut interest rates again.

Some Fed policymakers are reportedly also worried by a slowdown in monetary growth to an annual rate of less than 3 per cent in recent months.

The latest confidence figures show a continuing discrepancy between consumers' assessment of current and future conditions. The increase in the overall index since February is entirely due to rozier expectations.

An index measuring the "present situation" is lower today than at the height of tension over the Gulf and stands at less than half the level registered at the start of the recession.

Property conditions in US 'improving'

PROPERTY market conditions in most of the US may be improving slightly, according to a survey conducted by the Federal Deposit Insurance Corporation, writes Peter Riddell.

The finding, if confirmed, could be the first good news in some time for US banks, many of whose current problems are the result of weakness in property markets, especially in the north-east.

The survey, based on a poll in mid-July of 500 real estate experts in FDIC field offices, shows improved conditions compared with a similar survey last April in all areas except the west, where residential markets held steady and commercial markets showed a slight decline, notably in southern California.

The FDIC has been predicting 400 bank failures this and next year. According to Mr William Seligman, FDIC chairman, a sustained upturn in property markets could take at least six months to filter through to banks, but eventually could ease the failure rate.

The results are expressed in an index where a reading around 50 indicates a stable market, one below 50 indicates a declining market and one above 50 points to improving conditions. Nationally, the composite index for both residential and commercial markets rose from 61 in April to 64, including a sharp improvement in the south.

The commercial index edged up from 47 to 51 nationally, with the north-east improving slightly from 34 to 35, but from 49 to 58 in the south. In the west the index fell from 56 to 53.

Democrats in fight to alter budget deal

CONGRESSIONAL Democrats are facing White House resistance to their attempts to modify last year's budget agreement, writes Peter Riddell.

They seek approval, before Congress adjourns on Friday, for a bill to expand unemployment insurance. Under present law, qualifying workers are paid up to 26 weeks' normal benefits and can receive an extra 13 weeks' extended benefits when unemployment among insured workers in their state reaches 5 per cent, or exceeds by 20 per cent the state average rate for the previous two years.

The Democrats are proposing to extend benefits by a minimum four or five extra weeks, up to a maximum of 20. They have suggested the extension, costing nearly \$6bn, should be paid for either by raising the federal unemployment tax on businesses or by allowing the president to declare an emergency permitting the budget agreement to be breached.

Stanford president to resign

By Peter Riddell

MR Donald Kennedy, president of Stanford University in California, one of the leading universities in the US, is to resign following a scandal over alleged misuse of federal research grants.

The row, which has implications for several of the US's other prominent research and higher education institutions, concerns allegations by auditors that Stanford boosted its grants by charging the federal government for maintenance of facilities or administrative overhead costs that had little

do with the projects concerned. In Stanford's case the definition of these "indirect" costs was broadened to include spending allegedly on antique furniture and fresh flowers for Mr Kennedy's home.

Stanford receives about \$240m (£143m) a year in federal research funds, second only to Johns Hopkins University in Baltimore, although in April the government cut \$18m from the university's request for indirect cost support.

Having previously defended the accounting practices, the

university has withdrawn \$1.3m in charges to the government which it now says were errors or inappropriate. Last week the university launched a new accounting plan to strengthen accountability in the use of public grants.

Mr Kennedy, who has been president of Stanford since August 1980, said he would step down in a year's time to permit a wide search for his successor. "It is very difficult for a person identified with a problem to be the spokesman for its solution," he said.

Drexel settles claims outstanding with US revenue service

By Nikk Tait in New York

DREXEL Burnham Lambert, the once high-flying investment bank which filed for Chapter 11 bankruptcy protection last year, said last night it had settled outstanding claims against it by the US Internal Revenue Service.

The IRS claim - initially for over \$50m (\$29m) - had been seen as a big obstacle to a settlement reached in May by the investment bank, the parties which had brought securities law suits against it, and its creditors.

Under this deal, the securities litigation against Drexel would end, and Drexel's \$2.5bn estate would be divided, according to a complex formula, among the parties who had brought these suits and

the various creditors. A small on-going operation would also emerge from the Chapter 11 process, managing Drexel's most illiquid investments - although in the longer term, this would probably be sold, or its value realised in some way.

The tax authorities, however, had filed a \$5.3bn claim against Drexel, and had this not been settled, the deal between litigants and creditors could have been aborted. In the event, Drexel has agreed to pay the IRS \$180m plus interest of \$107m.

The first sum is payable when Drexel's plan of reorganisation goes through, and the interest over not more than six years.



Roger Lafontant: prevented from standing in presidential elections

Life sentence for Haiti coup leader

By Canute James in Kingston

MR Roger Lafontant, a former interior minister in Haiti, was found guilty yesterday of staging a coup in January and sentenced to life imprisonment with hard labour.

Mr Lafontant, 58, is the former head of the Toussaint Louverture, the dreaded militia of the Duvalier family dictatorship which ruled Haiti for 29 years until it was overthrown in a popular uprising.

A court in Port-au-Prince,

the capital, also found 21 of Mr Lafontant's colleagues guilty of taking part in the coup, during which the rebels controlled the Caribbean country for 11 hours. They were given prison sentences ranging from 10 years to life.

The coup, on January 6, came after Mr Lafontant was prevented from standing in presidential elections last December.

Five men who were due to

be hanged in Grenada yesterday for the murder of Mr Maurice Bishop, a former prime minister, have been granted a stay of execution.

Sir Frederick Smith, president of the Grenada appeal court, said the court would have to deal with an appeal motion filed by the convicted lawyers before the executions could take place. It is not yet known when the motion will be heard.

Cavallo wins loan fillip from IMF

By John Barham in Buenos Aires

THE International Monetary Fund has approved a new \$10.4bn one-year stand-by loan to Argentina, the country's sixth since 1983. The announcement also unlocks a further \$325m in World Bank loans.

One-quarter of the money will be set aside for Argentina's use in future commercial bank debt reduction talks.

The stand-by loan is a badly needed boost for Mr Domingo Cavallo, economy minister, whose strict policies aim to lower inflation by running a budget surplus, deregulating the economy, and opening Argentina's protected market to international competition.

However, analysts in Buenos Aires cast doubts yesterday on the government's ability to comply with the loan's stringent conditions. Argentina has not complied with any of its recent IMF loans, although Mr Cavallo said he would not sign terms of

any accord with the Fund that he could not meet.

Fiscal policy is the centrepiece of Mr Cavallo's strategy. It envisages that stable government finances will lower inflation and induce business confidence, allowing the economy to grow 5 per cent this year.

Argentina has promised to generate a primary budget sur-

plus. The targets will grow steeply after crucial gubernatorial and congressional elections to be held in August, September and October.

An economist at an international bank said: "This target is not feasible as things stand at the moment. After the elections we expect another tax package and more spending

Banks have been impressed by a World Bank analysis of Argentina's structural reforms

cuts." He added there was concern the government might devalue in order to free part of its \$5.5bn foreign reserves. By law, all domestic currency in circulation must be backed by foreign reserves.

The devaluation would create an excess of reserves to local currency, allowing the government to spend some of its reserves.

The economist added that

by next year the government hopes the broader political relationship with the IMF, foreign governments and the commercial banks will have shifted in its favour, allowing it to reprogramme its performance targets.

Mr Cavallo expects to begin talks with the IMF next year for a three-year extended facility loan and to start final renegotiation of Argentina's \$650m commercial bank debts. Its interest arrears will climb to \$60m by December.

None the less, creditor banks were impressed by a positive World Bank analysis of Argentina's structural reforms made at a meeting of the advisory committee, which oversees commercial debt negotiations with Argentina. However, bankers appeared to accept that Argentina is genuinely unable to increase its token \$60m monthly interest pay-

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NOTICE HEREBY GIVEN, pursuant to Section 48(1) of the Insolvency Act 1985, that H C Burt and P M Whitelaw of 100 Avenue Road, Chertsey, Surrey, TW20 9LW, are appointed as Joint Administrative Receivers of the above companies on 18th July 1991 by The Royal Bank of Scotland plc under the terms of debentures all dated 26th March 1990 conferring power and imposing charges over the whole of the assets of the companies.

Dated this 26th day of July 1991

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COMPANY NOTICES

AMP FINANCE N.V.
US \$12,000,000
GUARANTEED FLOTTING RATE NOTES 1994

The interest rate applicable to the above Notes in respect of the interest period commencing 31st July 1991 will be 7 1/4% per annum.

The interest amounting to US \$320.49 per US \$1,000 principal amount of the Notes and to US \$360.97 per US \$1,000 principal amount of the Notes will be paid on 31st January 1992 against presentation of coupon No. 3.

BANK LEUMI (UK) PLC
Principal Paying Agent

bank leumi - בנק לעומי

LEUMI INTERNATIONAL
INVESTMENTS N.V.
US \$60,000,000

GUARANTEED FLOTTING RATE NOTES 1993
The interest rate applicable to the above Notes in respect of the interest period commencing 31st July 1991 will be 7 1/4% per annum.

The interest amounting to US \$33.22 per US \$1,000 principal amount of the Notes will be paid on 31st January 1992 against presentation of coupon No. 12.

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For further information please send your name, address and Fax No to: IC-INTELL 25 Avenue d'Orbely, 1180 Brussels, Belgium Fax No (322) 375 87 46.

Deadline: August 15, 1991

IC-intel

WORLD TRADE NEWS

Land Rover in Brazil trade mark dispute

By Christina Lamb

ATTEMPTS by the British company Land Rover to invest in Brazil appeared to be in jeopardy again yesterday as a result of claims by a Brazilian entrepreneur that he was the rightful holder of the Land Rover and Range Rover names and trade marks in Brazil.

The São Paulo High Court was last night deciding on a case brought by Mr Hilton Pereira against the São Paulo state government challenging its right to allow Land Rover to register as a company in the state.

Land Rover lost its first

appeal against this decision but the company seemed confident of winning a new appeal. Company officials and British diplomats pointed out that Brazil is desperate for foreign investment and Land Rover would be the first foreign vehicle assembler to set up in Brazil for 15 years. Land Rover describe the planned investment as "considerable".

However, Mr Pereira has now challenged its right to make a further appeal while continuing to sell Land Rover vehicles brought in from Belgium and France, from his Copacabana office.

Land Rover is furious about the situation. A spokesman said yesterday the company had initiated criminal and civil proceedings against Mr Pereira for "acting in a fraudulent manner". Meanwhile the unrelenting Mr Pereira says he has begun cases against Land Rover's project manager in Brazil for allegedly operating on a tourist visa, his sales manager for allegedly libelling him and both of them for using the Land Rover letterhead on their stationery.

Third World warns on Gatt delay

By William Dullforce in Geneva

DEVELOPING countries yesterday warned the leaders of the seven industrialised powers not to leave until the 11th hour the political decisions needed to save the Uruguay Round trade talks from ignominious failure.

Waiting until the last moment to resolve the impasses would be "a pretext for mediocrity", said Mr Rubens Ricupero, Brazil's ambassador to the General Agreement on Tariffs and Trade (GATT) and its current chairman.

Delay would mean settling for disappointing results in the name of expediency and would impose "indecent haste" detrimental to the interests of smaller countries.

Mr Ricupero was speaking on behalf of some 40 developing countries at the last session of the round's governing body before negotiations went into their summer recess.

His remarks reflect a widespread fear among GATT members that the pledge by the seven leaders at their London summit earlier this month to complete the round successfully by the end of the year will mean a botched result to the five-year effort to liberalise world trade.

Separately, Mr Arthur Dunkel, GATT director-general, warned that it would be self-defeating to expect that last-minute solutions would emerge



GATT chairman Rubens Ricupero: "Delay detrimental to smaller countries"

of the negotiations. Were the big powers ready to give a chance to the democratic regimes and market economies that were "changing the face of the earth in central and eastern Europe, in Latin America, Africa and Asia?" Mr Ricupero asked.

Despite the urgency voiced, the trade talks will not resume until the middle of September. The groups negotiating on agriculture and intellectual property rights will meet on September 16 while services negotiators will return on September 17 for a session on maritime transport, where a big obstacle to an agreement liberalising world trade in services has emerged.

An "enormous negotiating effort" would have to be made in October and November, Mr Dunkel said. But, he insisted, all the elements necessary to carry the round to a successful conclusion were at hand.

Governments were in position to move into proper negotiations on farm reform, textiles and clothing, reductions in tariffs and other border barriers to trade and services.

Agreements on anti-dumping and foreign investment could also fall into place fairly quickly once the essential political decisions had been taken, Mr Dunkel said.

However, the crucial stumbling block remains the continuing failure of the European

Community to make the concessions on farm reform that would facilitate a compromise with the US.

In private, trade diplomats say that, unless there is a breakthrough in agriculture by the middle of October, the leaders of the seven industrialised powers will be unable to meet their pledge.

Anthony McDermott said: "If no progress has been made in the Uruguay Round by the middle of October, the British government is looking to Mr Dunkel to make a last-ditch attempt to break a deadlock by putting forward his own proposals, a senior UK government official said yesterday. This has been reluctant to do until now."

Progress in talks between the US and the EC on agricultural subsidies, which caused a break in negotiations last December, remained the key to an overall success by the current deadline of the end of 1991.

Meanwhile, the UK government remained, on balance, confident that there would be a successful outcome.

It was acknowledged, however, that whatever happened in US-EC meetings in Brussels yesterday, there would be little chance of activity or progress until the second week of September - leaving "seven or eight weeks in which to make or break" the Uruguay Round.

German engineering sees fall in orders

By Andrew Fisher in Frankfurt

GERMANY'S mechanical engineering industry, one of the country's main exporting sectors, has suffered one of its steepest ever falls in new foreign orders, the industry association (VDMA) said yesterday.

In the first half of 1991, new foreign business showed a drop of 21 per cent in real terms, with a rise of 4 per cent in domestic orders, much of this reflecting demand associated with economic reconstruction in east Germany. The drop in total orders was 9 per cent.

(The figures cover west German companies only.) The poor order news illustrates difficulties faced by German exporters when imports are soaring because of demand from east Germany.

"The present collapse in foreign demand is greater than in past periods of economic downturn," the VDMA said. This had been caused by recession abroad and the past weakness of the yen and the dollar. Demand had fallen in the US and west and east Europe.

Pentagon plans to sell 20 F-16s to Morocco

By Nancy Dunne in Washington

THE PENTAGON has notified Congress of plans for a \$250m sale package of 20 refurbished F-16 fighter jets to Morocco in order to "improve the security of a friendly country."

The sale, following other transactions designed to strengthen defences of US Gulf allies, will transfer aircraft of 1970s vintage to Morocco from US Air Force inventories.

The notice to Congress said that Morocco needed the aircraft to supplement an exist-

ing fleet of older fighters and thereby to improve the operational capability of its air force. The aircraft would be used in defence of Moroccan airspace as well as in maritime coastal and territorial patrols. It will be more than a year before pilots and mechanics can be trained and the sale would thus have no immediate impact on developments in Western Sahara where there had been fighting in the past against Polisario guerrillas.

Asean turns to region's trade

FOREIGN ministers of the Association of South East Asian Nations last week agreed to forward an Asean Free Trade Area proposal for consideration at the Asean summit in Singapore in January.

If the proposal is adopted, the Asean governments (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand) would complete arrangements for such a free trade area by the year 2000. It is intended that it would eventually draw participation from its neighbours, in particular Burma and the Indochina countries of Cambodia, Laos and Vietnam.

Asean's preoccupation with trade is a historical departure from its 24-year life as a political bloc. The problems of Cambodia have occupied its energies for the past decade and, before that, neutrality between the US and the Soviet Union.

Asean officials concede that the new emphasis on economic integration may not be easy. Previous efforts at promoting intra-regional trade have been more symbolic than real. Thousands of products are covered under a tariff harmonisation scheme called a "preferential trading arrangement," but few (they even include snowploughs) matter to the economies of Asean's members.

The nature of the members' economies is one reason the task of creating a common market is likely to remain difficult. All except Singapore still depend heavily on commodities, especially crude oil, rubber, palm oil and tin, though they have moved increasingly into manufacturing, typically of electronic circuit boards, televisions, textiles, shoes and household electrical goods.

Asean members therefore compete with each other for the same export markets. They also compete for capital investment and technology from the same sources - Japan, Europe, the US and more recently Taiwan and Hong Kong.

For these reasons, economic interdependence is small. Intra-regional trade has been stagnant for years at between 18 and 20 per cent of total Asean trade.

The goal of a common market would be to stimulate substantial intra-regional trade flow. This, in turn, rests on expanding co-operation in three areas, elements of which already exist, according to a Thai official.

By promoting joint-venture industrial production, Asean plans to pool its capital, land and labour so that goods will be able to flow into each other's markets freely. One example, still in its infancy, is called the "brand-to-brand complementation scheme" for motor vehicle parts. By producing different components in separate locations, parts manufacturers share a collective market in which vehicle assemblers can

After 24 years as a political bloc, the Asian grouping is shifting the stress to free trade, writes Lim Siong Hoon

count the components as local content.

"Growth triangles" are an extension to the idea of pooling resources and in sharing markets. The first of such "triangles" covers the regions of the southern Malaysian peninsula, Singapore and the Indonesian island of Batam. Offshore investments channelled through Singapore are introduced into areas with abundant land or labour in Indonesia or Malaysia.

The third, and probably the most problematic, area is the expansion of the preferential trading arrangement to reduce trade barriers and harmonise tariffs.

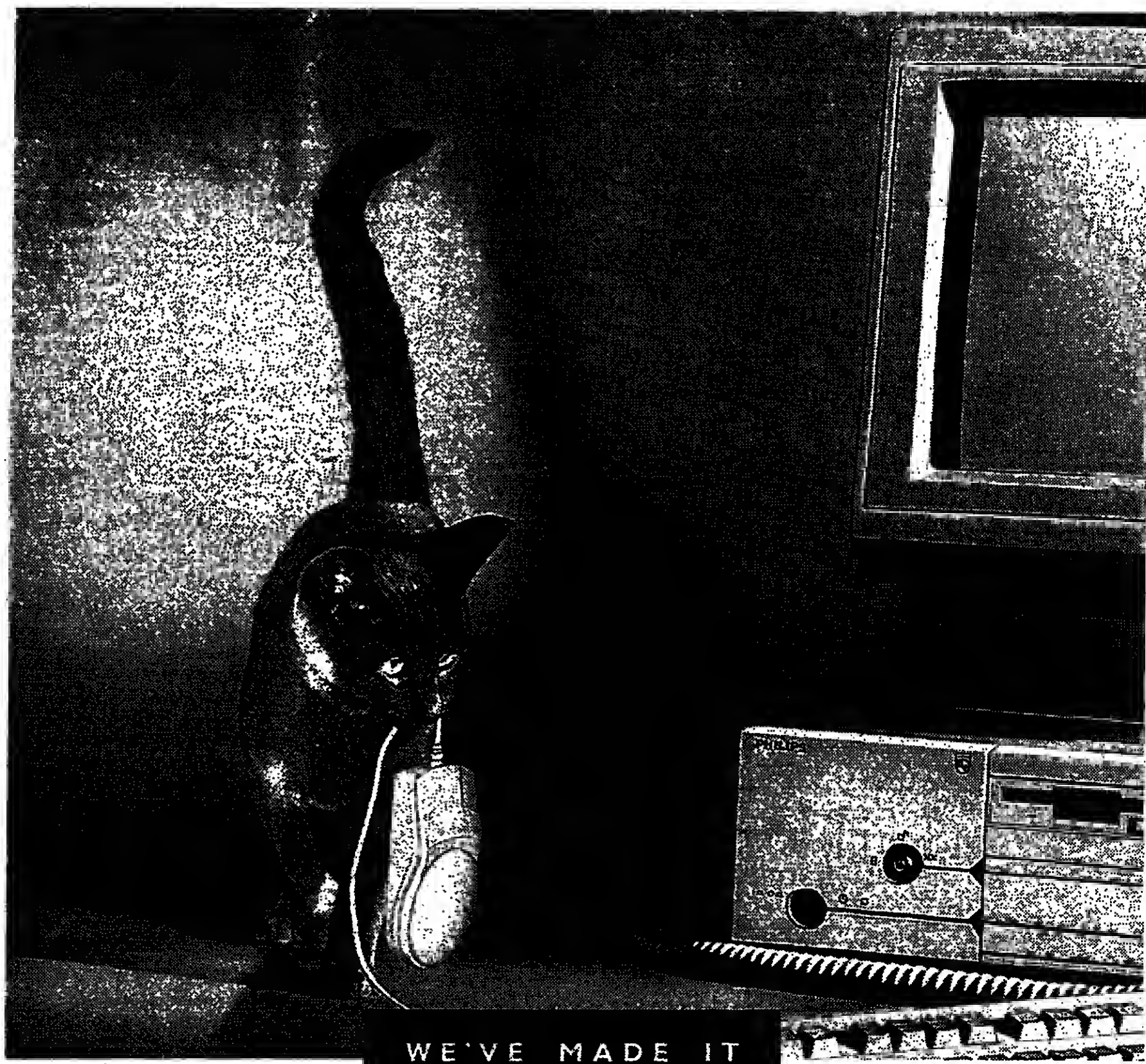
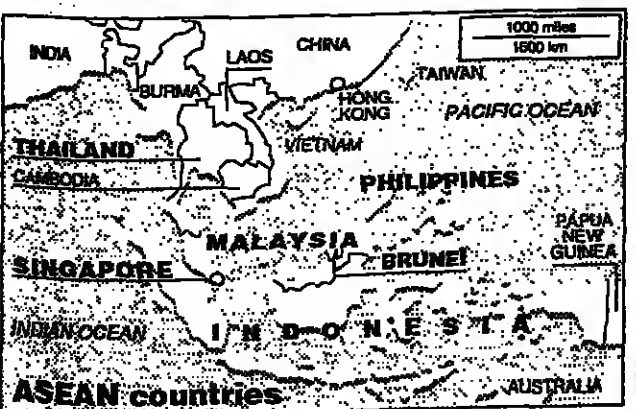
One Asean official sees difficulties in reaching compromises between conflicting national priorities. For instance, rice imports into Malaysia, a net food importer, remain regulated for domestic political and pricing reasons though Thailand has annual rice surpluses. Thailand, in turn, regulates Malaysia palm oil imports.

To foster a common market, Asean members face the enormous task of enlarging the volume and shifting greater portions of their trade towards each other. There have been big shifts, but these mainly reflect the growth of manufacturing industry. Asean members' combined exports to the European Community rose from 9 per cent of their total exports in 1983 to 15 per cent in 1988, and to the US from 20 to 23 per cent. Japan's share fell from 28 to 21 per cent.

However, the free trade area may have a better chance of coming to fruition than the East Asian Economic Grouping (EAEG), a trade alliance proposed by Malaysia. The EAEG was meant to group Asean and its northern neighbours, principally Japan, Taiwan and South Korea.

But the idea, which emerged after the failed talks of the Uruguay Round of the General Agreement on Tariffs and Trade last December, languished after being spurned by the US and treated indifferently by Japan and even some Asean members.

A communiqué issued after the Asean foreign ministers' meeting in Kuala Lumpur last week said there was a need to examine and advance the proposal, but sent it for further study. The US and Canada favour an established though still young grouping, Asia Pacific Economic Co-operation, which includes them.



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INTERNATIONAL NEWS

New Zealand's radical budget targets spending

By Terry Hall in Wellington

NEW ZEALAND'S cradle-to-the-grave social welfare system last night underwent radical surgery at the hand of Ms Ruth Richardson, the finance minister, in her first budget.

She slashed government spending and announced ambitious targets aimed at debt reduction and cutting the budget deficit.

She said bluntly that the budget was designed to transform New Zealand by arresting years of chronic overspending by the state. New Zealand's foreign debt amounts to NZ\$25.2bn (£17.7bn).

The budget nevertheless failed to meet the forecast goal of a balanced budget by 1993. This financial year's estimate is for a budget deficit of NZ\$1.739bn, reducing to NZ\$252m by 1993-94, while government spending is forecast to drop from 42.9 per cent of gross domestic product in 1990-91 to 37 per cent by 1992-93.

Critics say the budget ends the century-old social welfare philosophy that were strengthened under the first Labour government in 1938. Ms Richardson said the significant changes being implemented in health, accident compensation, social welfare and superannuation would focus only on those in genuine need.

For everyone else a complex system of "user pays" is being introduced, along with an identity or credit card, to be known as a Kiwi Card. This card will permit information sharing among various government agencies to detect fraud.

It will allow the poorest members of society, earning less than NZ\$17,000, to get subsidised health care from hospitals and doctors.

A second category of card



Ruth Richardson: tough on business tax loopholes

holders, those earning up to NZ\$23,000, will receive a lesser subsidy, and will have to pay \$31 a night in public hospitals, while the so-called better off will have to pay for all their health care, including NZ\$60 a night for treatment in a public hospital.

A new superannuation (state pension) scheme to replace guaranteed retirement income is to be introduced. This will be income-tested, with the age of entitlement lifted progressively to 65. A universal benefit will be available from 70.

Big changes are planned for the public hospital system. All existing hospital boards were to be abolished from midnight last night and replaced by four area hospital boards, one covering the entire South Island. Ms Richardson also announced hefty rises in duties on alcohol and tobacco. The savings would go toward the growing cost of motor accidents, as well as a two-cents-per-litre rise in the

price of petrol. New Zealand's unusual, comprehensive Accident Compensation system is to be revamped to lower the cost to employers.

State housing for the lower-paid will be subsidised but others in state home units will face full market rents. Ms Richardson also announced that Housing Corporation mortgages, once they had reached "market" interest rates, would be sold to the private sector.

"We've got to manage the NZ\$1.6bn investment in housing better," she said.

An extra NZ\$25m is to be spent on education. Ms Richardson said this present system had failed, with a third of the workforce having no formal qualifications. Foreign investment is to be encouraged through relaxation of its non-resident withholding tax regime on interest payments.

"This decision will put further downward pressure on domestic interest rates, thereby stimulating investment and economic growth," Ms Richardson said.

She said the government would continue to sell state assets. New Zealand Timberlands, a large area of North Island forest, the Crown's interests on the offshore Taranaki Petroleum field, and the Housing Corporation mortgages, valued at around \$N21bn, are to be sold. The proceeds would be used to repay external debt.

There were no increases in personal tax, or in the consumption Goods and Services Tax. However, Ms Richardson announced a tough clampdown on business tax loopholes, especially redeemable preference shares which have allowed big companies to pay minimal tax.

Now begins battle for new Beirut

Government gets down to rebuilding Lebanon, writes Lara Marlowe

NINE MONTHS after the final battle for Beirut, the Lebanese government is getting down to the staggering task of reconstructing a country devastated by 15 years of civil war.

While individual Lebanese were quick to repair shell holes, rebuild buildings and register new companies, the country's basic infrastructure remains in ruins. Government, meanwhile, has been preoccupied with political and security questions.

However, improvements are evident in the banking sector, port and airport facilities and the real estate market. Under the direction of a new governor, Sheikh Michel Khoury, the central bank this year stabilised the Lebanese pound, stopped currency speculation and doubled its foreign reserves to \$1bn.

On the strength of political stability and the cessation of violence in the capital, the pound has risen from an all-time low last autumn of 1200 to the dollar to about 850. Central bank officials admit that there is "political pressure" to allow the pound - which traded at 25 to the dollar before war - to rise more quickly. But by allowing the dollar to fall no more than half a pound each day, they have prevented the sharp fluctuations which encouraged speculators.

The International Monetary Fund estimates that Lebanese emigrants possess between \$15bn and \$20bn abroad. Frustrated by lack of foreign economic assistance, the government is counting on these funds to re-investigate the economy. Nearly a third of Lebanon's working population fled to the Gulf during the civil war, and most are expected eventually to bring their expertise - and Gulf earnings - back to Lebanon.

The expatriates are cautious, but confidence in Lebanon's fragile peace grows daily. "At first, they were sending a few tens of thousands of dollars," a prominent banker said. "The past few weeks we have received several deposits of more than a million, and six figure transfers have become very common."

Most of the new money in Lebanon is chasing after property. Prices have increased 20 to 30 per cent in the past few months. A unfinished, severely bomb-damaged beachfront concrete structure on the southern outskirts of Beirut recently changed hands for the equivalent of more than \$6m. Villas in the ravaged summer mountain resort of Aley are going for upwards of \$1m. Gulf Arabs are buying the most expensive properties through Lebanese intermediaries.

Twenty-three international navigation companies have returned to Beirut port, which earned more than \$45bn in port and customs revenue last month. But, according to Joseph al-Khazen, the port director, this volume represents only half 1974 levels.

Fourteen foreign airlines have resumed flights to Beirut International Airport since the war ended, including Air France and Austrian Airlines. KLM was due to become the 15th yesterday.

After the "black hole" of 1989-90, when months of continuous artillery battles and the division of Beirut brought the economy to a standstill, the exuberance of local entrepreneurs borders on the fantastic. There are schemes to attract banks and corporations from Hong Kong to Beirut before 1997 and a plan to produce electricity from burning tyres. And a new association aims to impact Lebanese business ac-

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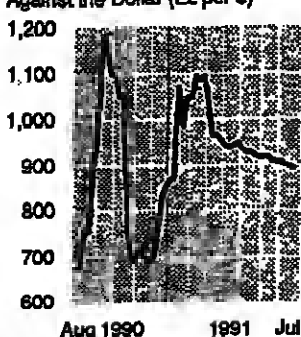
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Lebanese Pound

Against the Dollar (L£ per \$)



Source: Datastream

men to tradition-bound Soviet businessmen.

One of the most serious projects, the establishment of the Société Foncière de Centreville for the reconstruction of 1.5m sq metres in Beirut's former downtown area - and a substantial area of landfill on the adjoining seafloor - became a *cause célèbre* recently because of the participation of Lebanese-born Saudi multi-millionaire Rafic Hariri. To stop allegations that he was "buying downtown Beirut" Mr Hariri announced that he would not invest in the \$1.5bn project after all.

Mr Hariri's role in the salvation of his native Lebanon is pervasive if discreet. All of the government's reconstruction efforts are channelled through the Council for Development and Reconstruction (CDR), under the direction of Mr Rafic Hariri - a trusted Hariri aide. Most of the top positions at the CDR are filled by former Hariri employees and it was Mr Hariri who financed a \$5m 18-month study to serve as a basis for a recovery plan.

Saudi Arabia has given \$60m to the CDR for roads and sanitation. In 1990, the kingdom contributed \$100m to Leba-

non's central bank to shore up the pound. But an Arab League fund for aid to Lebanon has not materialised, nor do Lebanese officials expect fruits from a recent visit by the United Nations Development Fund.

The business community is increasingly exasperated at the slow pace of improvements in basic infrastructure. A Lebanese economist and consultant to the government has identified telecommunications as the first priority if the economy is to recover, followed by electricity, water and the environment.

The Lebanese PTT estimates it will take four years and \$419m to install a functional telecommunications system. The near total absence of working telephones is "a catastrophe" for the business community, according to Mr Adnan Kassar, the president of the chamber of commerce.

To be able to communicate with the outside world, Lebanese have in recent years purchased some 2,200 Cyprus radio lines: lost revenue for the Lebanese government is estimated at \$18m a year.

The lack of electricity - Beirut residents still receive only six hours a day - has been alleviated by private purchases of some 25,000 generator units at a cost of more than \$600,000 in recent years. For \$280m, the government could restore the war-damaged network already in existence.

The most costly sector will be water treatment and waste disposal. The CDR has begun cleaning the streets of Beirut, but rubbish and sewage are still dumped in the Mediterranean - and are washing up along the Lebanese coast. A comprehensive programme for water treatment and waste disposal would cost nearly \$2bn, according to the government consultant.

Japanese to name more favoured stock clients

By Stefan Wagstyl in Tokyo

SIX MORE Japanese stockbroking companies are likely to be named by the authorities this week and disclose the names of clients who received compensation for trading losses.

The move would follow the publication of client lists on Monday by the Big Four brokerages - Nomura, Daiwa, Nikko, and Yamaichi.

The securities companies have been forced to disclose the names in order to counter strong criticism from the finance ministry, politicians and the general public about the unfairness of compensating favoured clients for losses. Compensation payments are not illegal in Japan but contravene finance ministry rules.

There are signs that the disclosures will take the sting out of the attacks on the industry and so begin to defuse a scandal which has claimed the resignations of the president of Nikko and the president and chairman of Nomura.

The lists of 231 clients published by the big four houses were dominated by big Japanese companies and their affiliates, which were together paid ¥128bn (\$554m). The main interest in the lists, expected to be disclosed by the second-tier companies which paid out ¥35bn, is whether they will contain the names of any politicians or political front companies.

The six houses are New Japan, Kanakubo, Wako, Koku-Sanyo, and Tokyo. They were urged to disclose lists yesterday by the finance committee of the lower house of the Diet, which met yesterday to discuss the scandal.

It is widely suspected that politicians, who reaped bumper trading profits during the bull market, were protected from the worst when Japanese equity prices fell in 1987 and again in 1990-91. But the Big Four's lists contained no evidence of payments to politicians, so there is speculation that the brokers managed to compensate politicians in ways which did not require disclosure.

Meanwhile, moves to reform Japan's stock market falter in the wake of a scandal in the securities industry gathered pace yesterday when an advisory council to Mr Toshiki Kaifu, the prime minister, pledged to complete a package of proposals before the end of next month.

Afghan rebels to ponder peace plan

Afghan rebels agreed yesterday to consider a United Nations peace plan as the basis for a settlement ending the 13-year civil war in Afghanistan. Reuter reports from Islamabad. A joint declaration after two sessions of talks between the guerrillas and two of their main backers, Pakistan and Iran, said the participants "recognised positive points" in the five-point plan.

Tehran clashes

Slum-dwellers fought police and municipal workers demolishing unauthorised buildings in a Tehran suburb, setting 13 vehicles on fire, an Iranian newspaper said yesterday. Reuter writes from Tehran.



A Kuwaiti soldier takes cover as he blows up a beach-side bunker filled with rocket-propelled grenades yesterday. The beaches were mined and fortified by occupying Iraqi forces.

Japanese and US chief executives express their optimism about outlook

Poll suggests world economic recovery

GROWTH IN the world economy is likely to pick up in the next year underpinned by a buoyant Japanese economy and recovery in the US, according to a survey of world business leaders published yesterday, writes a Financial Times reporter.

The survey of 151 chief executives in the US, Japan and Europe found that 53 per cent thought the outlook for their domestic markets was better than a year ago, while 42 per cent thought the outlook in

export markets was improving. Japanese executives were by far the most optimistic, with 75 per cent expecting sales in their domestic markets to be better than they were 12 months ago.

The survey, the first of a regular series of quarterly surveys of world business opinion conducted for FTI, the television arm of the Financial Times, found that 56 per cent of US executives thought their domestic sales outlook was better than a year ago, while 42 per cent thought the outlook in

Europe seems gloomy, with 27 per cent of executives expecting a sales improvement and 52 per cent assessing the outlook as worse than a year ago.

The poll found that sources of growth were markedly different in Japan compared with the US and Europe.

About 51 per cent of Japanese executives base their confidence on the launch of new products, compared with just 33 per cent in Europe and 29 per cent in the US. Japanese

and US executives are far better than their European counterparts on an economically and politically integrated Europe. Three quarters of Japanese executives and 56 per cent of US executives favour a united Europe compared with 39 per cent of European business leaders.

However, all business leaders favour a single currency with 58 per cent of Europeans, 73 per cent of Japanese and 91 per cent US executives supporting the idea.

South India water feud boils over

First test for Rao as a minister resigns

By K K Sharma in New Delhi

THE MINORITY Congress government of Mr PV Narasimha Rao yesterday faced its first political test when Mr K Ramamurthy, the minister for labour, resigned from the cabinet and seemed to be leading a revolt against the central leadership by members of parliament from the south Indian state of Tamil Nadu.

Mr Ramamurthy, who was miffed at not being consulted when the government's new industrial policy was formulated, resigned over a 25-year-old dispute concerning the sharing of the waters of the Cauvery river between Tamil Nadu and Karnataka states.

Mr Rao's troubles could grow if the revolt spreads to other members of parliament from Tamil Nadu, a state where a regional party, the All India Anna Dravida Munnetra Kazhagam (AIADMK), is in power.

The AIADMK is an ally of the Congress but the entire population of Tamil Nadu is worked up over the Cauvery water issue. The support of the

13 members of parliament belonging to the AIADMK is vital to Mr Rao.

In a statement to parliament on his resignation, Mr Ramamurthy complained that "justice has been continuously denied to the people of Tamil Nadu. This is a highly emotional issue and, in fact, a life-and-death problem for the people."

Tamil Nadu wants Karnataka to abide by a tribunal's ruling that it should release more water from the dams it controls on the Cauvery. Karnataka has passed an ordinance which it says overrides the tribunal's decision.

Ironically, only minutes after reporting Mr Ramamurthy's resignation, the United News of India said good monsoon rains had temporarily resolved the problem. Cauvery water was flowing over the Karnataka dams and had reached Tamil Nadu, the agency said.

Mr Rao's government had earlier decided to refer the entire issue to the Supreme Court for its opinion.

Bangladesh reforms aim to woo foreign investment

By Reazuddin Ahmed in Dhaka

BANGLADESH yesterday announced a deregulation policy aimed at reviving its stagnant industrial sector and encouraging foreign investment.

The new government of the Bangladesh Nationalist party, headed by Mrs Khaleda Zia, is committed to a market economy and has increased the limit of equity participation by foreign entrepreneurs from 51 per cent to 100 per cent.

The policy also seeks to expand the growth of export-oriented industries and to strengthen the small industries sector to provide employment in rural and semi-urban areas.

Bangladesh has liberalised the procedure for setting up

new industries and the investment ceiling has been raised from 100m taka (\$1.48m) to Tk300m in the private sector.

Private investors will be able to establish industries without any prior approval from the government. Bangladesh is predominantly an agricultural country and the contribution of the industrial sector to gross domestic product has been stagnant at 10 per cent for two decades.

Industry ministry officials have said that the country's donors, including the World Bank, had been pressing the government to adopt a liberal industrial policy as a precondition for releasing industrial loans to Bangladesh.

older than the others who are all in the 44-46 age group.

The four men also share a common background: Mr Meyer and Mr Wessels served successively as president of the Afrikaner Studentebond, a government supporting Afrikaans student body, between 1970 and 1973, while Mr de Beer was an executive office bearer a few years earlier.

Mr de Beer was trained, and later served, as a minister of religion; the others are all lawyers by training.

● Roelf Meyer: Elected to parliament in 1978, he has been a deputy minister since 1986 when he was at law and order. Subsequently he has been in constitutional development where he has been a senior player in the government's negotiating team. The priority in his new job

will be to try to clear the name of the Defence Force, particularly concerning allegations that it is involved in anti-ANC violence in the country.

● Leon Wessels: Elected to parliament in 1977, he has served as deputy minister of both law and order and foreign affairs. He earned widespread praise for being the first government minister to unequivocally condemn apartheid, and apologise for it, at a conference in Oslo last year.

His new portfolio confronts him with the sensitive question of squatter near urban areas. He can be expected to accelerate the process of making available more serviced land in these areas.

● Sam de Beer: Elected to parliament in 1974, aged 29, he was

Algerian opposition walks out of talks

By Francis Ghlili

ALGERIA'S two leading opposition parties walked out of talks called by the government to discuss the organisation of multi-party elections.

The first round of the elections was due to be held on June 27 but rioting by supporters of the leading Islamic fundamentalist party, the Islamic Salvation Front (FIS), protesting at the gerrymandering of constituency boundaries, led President Chadli Bendjedid to impose a state of siege and appoint a new government led by Mr Sid Ahmed Ghozali.

FIS spokesmen said their party was boycotting the meeting, which was attended by a member of its ruling council, Mr Mohamed Kerrar, in his private capacity, to protest against the government's refusal to free its detained leaders. The two most prominent leaders, Mr Ali Benhadj and Mr Abassi Madani, were arrested a month ago and are awaiting trial.

Representatives of the leading secular opposition party, the Socialist Forces Front (FFS), walked out because the government had barred journalists from attending.

Mr Ghozali insisted that the conference had no "undeclared goals, no hidden intentions" and that all those present were there to "resolve the crucial problems of our country", namely the organising of free and fair general elections.

Nearly 6,000 people, most of them FIS activists, have been arrested under the state of siege following their leaders' call for a holy war to topple the government and open defiance of the curfew.

An FIS congress last week confirmed its support for the leadership but the party is still divided between hardliners such as Mr Abdelkader Bachani and the more moderate Mr Said Guellil, who feels the party of which he is a founding member would be well advised to talk to the government.

appointed deputy minister of education and development aid in 1984. He earned a reputation as a good listener and negotiator during this period when he was involved in dealing with crisis conditions in black education.

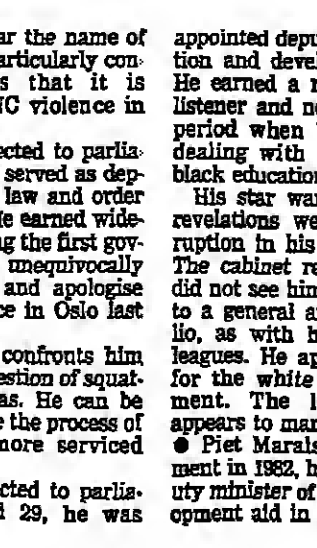
His star waned somewhat when revelations were made about corruption in his department in 1989. The cabinet reshuffle of that year did not see him enjoying promotion to a general affairs cabinet portfolio, as with his other young colleagues. His appointment was only for the white chamber of parliament. The latest appointment appears to mark his rehabilitation.

● Piet Marais: Elected to parliament in 1982, he was appointed deputy minister of education and development aid in 1989. This took him,

like Mr de Beer, into the area of black education.

The insights he has gained from this will stand him in good stead in his new portfolio. Empty or under-utilised white schools and educational facilities, while blacks have suffered from terrible shortages, has been a subject of great controversy in recent months. The government has attracted considerable criticism for its tardy approach to rationalising use of these facilities. Mr Marais can be expected to take firm action in this area.

However, the ministry of law and order remains in the hands of a conservative, Mr Hennis Kriel, an old-style Afrikaner politician who often makes acerbic comments in public about the black opposition groups.



Roelf Meyer



Hennis Kriel

De Klerk cabinet calls up pro-reform party liberals

By Philip Gawth in Johannesburg

THE humiliating demotion of two senior cabinet ministers, General Magnus Malan and Mr Adrian Vlok, in President FW de Klerk's cabinet reshuffle has distracted attention from the arguably more important infusion of new talent.

The four new ministers in the cabinet are Mr Leon Wessels, who takes over at planning and provincial affairs; Mr Roelf Meyer, who succeeds Gen Malan as minister of defence; Mr Sam du Beer, who takes over black education; and Mr Piet Marais, who takes over white education.

Within the context of the National Party, these men are all unquestionably liberal - "new Nats" who have little sympathy for or allegiance to the white supremacist party of old. Mr Marais is, at 58,

older than the others who are all in the 44-46 age group.

The four men also share a common background: Mr Meyer and Mr Wessels served successively as president of the Afrikaner Studentebond, a government supporting Afrikaans student body, between 1970 and 1973, while Mr de Beer was an executive office bearer a few years earlier.

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Postponement raises hopes

By David Lascelles and Richard Waters

THE High Court's decision to postpone the winding up of BCCI for four months will come as welcome news to the bank's thousands of smaller depositors in the UK. It leaves them with nothing more in the short term than they would have received from an immediate winding up of the bank but it at least raises the hope, however remote, that the bank will be saved in some form. Whether parts of BCCI can be revived will become the subject of intense scrutiny during this summer and autumn.

Sir Nicholas Browne-Wilkinson, the vice-chancellor, granted the extra time to enable Touche Ross, the bank's provisional liquidator, to make a majority shareholders, Sheikh Zayed bin Sultan al-Nahyan and the Abu Dhabi government, to explore ways of reviving BCCI.

The immediate beneficiaries will be 30,000 small depositors, who will get back three quarters of their deposits, with a ceiling on compensation of \$5,000. Those are the terms they would have received had the bank been put into immediate liquidation, involving the UK's deposit protection scheme. About 9,000 larger depositors are actually worse

off in the short term: had the bank been wound up immediately they would have received up to \$15,000 each.

This bank's employees come out as clearer winners. They will continue to be paid weekly in advance, with a first payment to be made today to cover two weeks' pay.

A longer-term solution depends on restoring BCCI's business, and the prospects for that remain dim.

One of the unanswered questions behind yesterday's move is why Sheikh Zayed should wish to put up \$50m to postpone the date of reckoning.

While philanthropic and face-saving considerations must have played a role, he would have to make a far bigger commitment if he really wanted to keep the bank going.

Although the true financial condition of BCCI is far from clear, all the evidence to date suggests that it is deeply troubled. Touche Ross estimates that it had a capital deficiency of \$147m at the end of last year, since when it has probably got worse.

The Bank of England produced figures suggesting a deficiency of \$600m, and that excludes the \$4bn of bad loans that the government of Abu

Dhabi has taken off the bank's books. Thus any attempt to rescue the bank would need a massive capital injection of possibly more than \$2bn to plug the deficit and give the bank enough new capital to rebuild its business.

It would also require Abu Dhabi to take on the bad loans permanently. The sheikh might be able to afford an outlay of such magnitude if he cared to, although it would amount to a bizarre investment for the sake of a bank with such a blackened reputation.

The reconstruction would have to be accompanied by the installation of new top management, and a big drive to restore the bank's credibility — all of which would amount to a turnaround of unprecedented proportions. Mr Robin Leigh-Pemberton, Bank of England governor, has said he thinks it very unlikely that BCCI can be revived in the UK.

Alternative routes might include the merger of some parts of BCCI with another bank under the Abu Dhabi's control, or the sale of parts of the business to raise new cash. There have been offers for some parts of the BCCI empire, including its Kenya and Swiss operations. An outright acqui-

sition by another bank would be most unlikely because of BCCI's poor condition and the taint of fraud.

Yesterday's High Court decision relates only to BCCI SA, the Luxembourg-based banking arm of the group, which controls BCCI's UK branches. BCCI SA also controls operations in 12 other countries including Bahrain, the UAE, Japan and Germany. Much depends on which, if any, parts of that arm of the group figure in a possible reconstruction by the sheikh.

BCCI had been working on a plan, before its closure, to break itself into three units, based in London, Hong Kong and Abu Dhabi. At least the first of these operations now seems unlikely to be revived.

The sheikh's move may only amount to a play for time. The money he is making available is in the form of a loan, not a grant.

At the end of the four-month adjournment, though, the demand for a solution for the bank's depositors will not have gone away.

By the time December approaches, the pressure to do something will be even greater, said Mr Antony Gold, a solicitor at Alexander



Poster protest: demonstrators gathered outside the High Court in London yesterday before the start of the hearing about the winding-up of BCCI

Tatham, the lawyers co-ordinating a national depositors' group. "There still doesn't seem to be any commercial

purpose in trying to breathe life into this bank in the long term," Touche Ross said. "There would be no commercial forms would be sent to UK

depositors as soon as possible. A number was given for any one having difficulty filling in these forms: 071-480 7765.

US EXPOSURE

Effect on other banks is likely to be small

By David Lascelles

THE disclosure in Monday's New York indictment against BCCI that American Express Bank had an exposure of \$30m (\$18m) to the bank was an indication of the depth of BCCI's involvement in the banking market.

The indictment said that the US bank had more than \$12.9m in foreign exchange trades, \$10m in non-collateralised placements, and \$6.9m in letters of credit and acceptances with the BCCI group. All those sums had been stolen by BCCI, the indictment said.

American Express confirmed the figures but emphasised that it had loans and deposits of a greater amount from BCCI which it had used to offset the loss.

The banking authorities have emphasised that the closure of BCCI should not have a big knock-on effect in the interbank market — the usual fear when banks collapse — because exposures are small.

Total interbank commitments to BCCI amount to about \$2bn, they say, which is not large for a bank of BCCI's size — its assets totalled \$20bn at the closure.

Many large banks have also said that they kept their exposure to BCCI under tight control because of the bank's doubtful reputation and frequent involvement with controversy. None the less, the closure will have caused tremors in bank treasuries.

As in American Express Bank's case, banks in many countries have a correspondent banking relationship with BCCI because it needed to clear its trades in foreign currencies.

Although banks can ensure that their books balance at the end of the day, there is always the risk that they will be caught short during the day.

The right to offset deposits against loans is also not clearly defined in law. One UK banker pointed out yesterday that offset is only a common-law right in the UK, and any bank that had offset its BCCI assets and liabilities might have a tussle with the liquidator later.

WORLD ROUND-UP

US Senate committee to conduct inquiry

US: The Senate Banking Committee last night became the third congressional committee to announce a "full-scale" investigation into the BCCI affair.

The inquiry will focus on why US regulators did not act sooner. U.S. A United Arab Emirates Bank of England and described as stupid the closure of BCCI by foreign monetary authorities.

"Malicious hands and unknown institutions aiming at destroying every Arab achievement in the world," the BCCI crisis," Mr. Jafar al-Firjan, assistant under-secretary at the UAE finance ministry, told the London-based Asharq al-Awsat newspaper.

"It is an unusual act of sabotage and the Bank of England was hasty in taking its measures," he said.

He continued: "Some countries took stupid decisions as a result of this crisis which should not have been taken. They should have referred first to the shareholders."

The Abu Dhabi shareholders say they were in the process of restructuring BCCI when the Bank of England closed the British operations of the bank on July 1.

LUXEMBOURG: The country's bank union said the July salaries of employees of the Luxembourg-based BCCI had not been paid in spite of a commitment by management.

The union also said it was "deeply concerned" about the government's decision to fund the 60 staff BCCI employees in Luxembourg appealed to the authorities earlier in July for the release of LFr25m deposited by employees with the bank.

ARGENTINA: The Buenos Aires branch of BCCI was implicated two of his 19 sons in the affair by suggesting that they were used as nominees for the assembly of BCCI's unlawful stake in First American Bankshares.

Superficially, such dangerous proximity to scandal might seem to augur badly for the popularity of a ruler. Sheikh Zayed's case, however, is different.

The rigour that Abu Dhabi's censors have paid to reports of

HIGH COURT DECISION

Liquidation deadline postponed as Sheikh Zayed intervenes with last-minute compensation package

By Andrew Jack

EMPLOYEES and creditors of BCCI were celebrating last night after the High Court decision to postpone liquidation of the bank after Sheikh Zayed's offer of a compensation package.

"We are all delighted," said Ms Rumi Khan, of the joint committee representing BCCI employees and customers, and assistant manager of the bank's City branch.

"I felt the judge took a very balanced view and that justice has prevailed. The ruling made the Bank of England look very irrational and humbling. Now we can look into the possibility of a rescue," she said. "We are very much in favour of a restructuring. I don't see why this whole empire should be wiped out."

Mr David Griffin, a member of the accounts support department, was

equally glad to hear the news. "Obviously I'm very pleased," he said. "It gives the staff four months' breathing space."

Like all employees of BCCI, Mr Griffin was forced to open an account into which his wages were paid. It was frozen when the Bank of England closed BCCI. "Financially it's been extremely difficult," he said. "My salary has been tied up, and my cheques and credit cards have been worthless. I've had to borrow from other people."

Mr Keith Vaz, MP, co-ordinator of the all-party BCCI group, greeted over the news. "It's absolutely brilliant," he said. "This is the four-month lifeline that is needed to save the parts of the bank that will not die. He called on government ministers to work with the Bank of England in the negotiations ahead."

Most individuals contacted yesterday praised Sheikh Zayed and believed he had acted out of pride and in an attempt to restore his own integrity.

Mr Noel Howell of the Banking Insurance and Finance Union, which has 200 members from BCCI, welcomed the ruling and said it would bring relief to the staff.

However, he emphasised the need for action on the wider issues of forcing employees to hold bank accounts with their employer, and the EC regulations that allow recognition of a bank in one member nation to count across the community.

Employees were already beginning to contemplate the prospects for of the bank over the next four months. "If there is no restructuring, there will be havoc," said Ms Khan. "I don't

see how as professionals we have future. But I'm very hopeful. I am sure shareholders will work out something viable."

Mr Mian A. Sateem, the manager of BCCI's Hyde Park branch, said: "The ruling has given us hope. I hope the restructuring will go ahead. Otherwise 19 years of my working life are down the drain. My family life and my professional life are totally shattered."

He said he believed BCCI was being used as a scapegoat. "If the CIA used the bank to finance arms sales, why is the CIA not being indicted?" he said.

Mr Vaz said: "The interim relief for staff and depositors has only been possible because of the generosity of the sheikh, who with no legal obligation has provided the cash necessary to satisfy the court. The government,

Executive education is meaningless without vision.

IPSE JOCE SSE MCR
International Program for Senior Executives The Job of the Chief Executive Seminar for Senior Executives Managing Corporate Resources

PED MBA IPBM IEP
Program for Executive Development Master of Business Administration International Program for Board Members International Executive Program

MCS MP LFB WBA
Managing Competitive Strategy Mobilising People Leading the Family Business Workshop on Business Alliances

MHR MFC MM MIMS
Managing Human Resources Managing Finance & Control Managing Marketing Managing Industrial Market Strategy

MS MSF MMG MR&D
Managing Services Managing the Sales Force Managing Manufacturing Managing Research & Development

MTI OAK ICP JD&CP
Managing Technological Innovation Organisation/Action Knowledge-Projects In-Company Programs Joint Development & Consortium Programs



A New School of Thought

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Ruler's popularity remains undented

By Richard Tomkins in Abu Dhabi

IT IS an inauspicious start to a jubilee year for the ruling family of Abu Dhabi.

With six days to go to the 25th anniversary of the day he succeeded his eldest brother as the emirate's ruler, Sheikh Zayed bin Sultan al-Nahyan — aged, it is believed, about 75 — should be preparing for a celebration.

Instead, he is embarrassed to find that ownership of 71 per cent of BCCI's shares by himself and his family has placed him at the centre of the imbroglio over the biggest banking fraud in history.

Equally embarrassing, Monday's indictments by the Federal Reserve Board in the US have implicated two of his 19 sons in the affair by suggesting that they were used as nominees for the assembly of BCCI's unlawful stake in First American Bankshares.

Superficially, such dangerous proximity to scandal might seem to augur badly for the popularity of a ruler. Sheikh Zayed's case, however, is different.

The rigour that Abu Dhabi's censors have paid to reports of

the New York hearing has ensured that most of the population is, so far, oblivious to the naming of the sheikh's sons in the affair.

Also, when the news does seep out, it is unlikely to intrude greatly upon the affection for the ruler that borders upon adoration.

Sheikh Zayed's popularity stems largely from the way in which he has used his country's oil revenues to transform a poor country shrouded in a living from fishing and pearl diving into an oasis of prosperity.

The sheikh has lavished money upon the emirate's tiny population, providing its citizens with free, air-conditioned houses, free schools and free health care.

He has also pursued an almost obsessive determination to engineer a "greening" of the desert — a policy evident in the capital, where lush gardens and trees soften what would otherwise resemble an arid Milton Keynes.

"The sheikh has a vision of what green means to the Arab," says one local. "So it

costs a lot? People in the west spend their money on whisky. We prefer to spend it on water."

The sheikh also has a reputation for wisdom and kindness, which, combined with a willingness to receive any citizen with a problem, has left him experiencing none of the calls for democracy that have recently become strident a few hundred miles north in Kuwait.

"In a democracy, you go to your MP with a problem and nothing happens," says a western expatriate. "Here, you go to the sheikh and he solves it." Inevitably, the BCCI scandal will call Sheikh Zayed's judgment into question. One of the great mysteries of the affair is what made him decide to take such a large shareholding in the bank in March 1980 when its difficulties were already known.

Defenders, however, point out that he quickly dispensed with the services of Messrs Ahsdi and Naqvi, BCCI's founder and former chief executive respectively, once the extent of the bank's troubles

became known. Mr Ahsdi, they add, must have been extremely plausible to have talked so many people out of their money.

Insofar as popular feeling is outraged by the ruling family's involvement in the affair, say western sources, it will turn against the Bank of England's attempt to pull the plug on BCCI before a rescue could be arranged — not against the sheikh.

"Remember, the Middle East is the home of the bazaar, the home of street trading. People here just can't understand why a deal couldn't be struck," says one.

The damage to bilateral relations, however, is likely to be short-lived. Britain's historically strong relationship with the emirate has left it, if not as well loved as the sheikh, at least well liked.

That, with its role in the Gulf war, is likely to be remembered long after the BCCI affair has been forgotten.

UK NEWS

Motor trade faces 40,000 job cuts

By John Griffiths

The UK motor trade and industry faces a further 40,000 job losses within the next year, bringing the total to 68,500 since mid-1980, the Society of Motor Manufacturers and Traders (SMMT) warned yesterday.

The SMMT warning coincided with a prediction from the Retail Motor Industry Federation that 800 franchised dealers will have been forced out of business by mid-1992 as a result of the current slump.

This represents 10 per cent of the UK's entire franchised dealer population at the start of last year.

The industry hopes that the job loss forecasts might jolt the government into reducing the 10 per cent car tax still applied to all new car transactions.

The budget earlier this year has effectively raised tax on

new cars to around 28 per cent, when car tax and 7.5 per cent VAT are added.

The SMMT argues that this is increasingly out of line with major continental markets, and stands increasingly to threaten motor industry investment prospects in the UK if the new car market remains depressed. Tax on new car purchases are 22 per cent in France, around 18 per cent in Italy and Belgium and 14 per cent in Germany.

The jobs warning accompanied an SMMT forecast that the UK motor industry's balance of trade deficit this year will be cut dramatically, to about £1bn-£1.5bn from £4.6bn in 1990, as a result of an export boom which has resulted in 50 per cent of all UK car production now being sent overseas.

However, the industry is warning that with most major continental markets now in decline, this performance is unlikely to be sustained.

According to the SMMT figures, vehicle and component manufacturing companies will account for 15,000 of the looming job losses. The projection is based on a survey of intentions by 50 companies who between them account for 70 per cent of employment in the manufacturing sector. That leaves a projected 25,000 job losses in the motor retailing and distributive trades, with about one in ten salesmen likely to lose their job.

During the past year, according to the statistics, 16,500 jobs have been lost in vehicle and component manufacturing, and 12,000 in the retail motor trade. Some 400-500 dealerships have already either been closed

or sold off, according to the SMMT. However, the RMI warns that the rate of actual dealership closures is likely to accelerate during the year.

The 68,500 job losses represent more than 10 per cent of direct employment in the trader and industry.

The statistics emerged as dealers made final preparations for the start of what in normal years would be an August sales boom linked to introduction of the new registration prefix.

But with even the most optimistic assessments predicting sales for the month of only 330,000 units, nearly 100,000 down on 1990 and comparing with just over 500,000 in August 1989, the SMMT is concerned with drawing government attention to what it sees as a growing crisis.

UK seeks inquiry on French steel subsidies

By Charles Leadbeater, industrial editor

THE government yesterday backed British Steel calls for the European Commission to investigate the behaviour of French state companies that could involve state aid being given to the French steel industry.

Mr Peter Lilley, the trade and industry secretary, yesterday wrote to Sir Leon Brittan, the EC competition commissioner, calling upon him to formally examine the proposed steel deal which Credit Lyonnais, the French state-owned bank would pay £12.5bn for a 10 per cent stake in Usinor Sacilor, the state-owned steel producer and Europe's largest steel producer.

Mr Lilley has consistently criticised state-owned companies for distorting markets through their access to cheap finance.

This was one of the factors behind the so-called Lilley doctrine under which the DTI closely scrutinises take-over bids by state-owned companies from the UK.

Mr Lilley said he shared British Steel's concern that the cash injection would damage competition as steel producers come under financial pressure from the downturn in the European steel market.

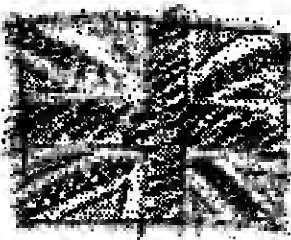
Mr Lilley said the deal would benefit Usinor Sacilor at a time when market conditions would discourage the private sector from making similar investments in the steel industry.

The deal might provide Usinor Sacilor with finance not available to a private sector competitor, as the British Steel breach the Commission's steel aid codes and endanger multi-lateral talks on steel trade, Mr Lilley said.

"Given the sum involved and the potential distortion of competition in the steel industry that this poses, I very much hope that you will ask your services to do a thorough investigation of the deal," he said.

Commission officials have already indicated that they are informally inquiring into the terms of the deal.

BRITAIN IN BRIEF



Mercury confident on access fee

Mercury Communications, a subsidiary of Cable & Wireless, does not expect to pay any fees to gain access to BT's telecommunications network over the next five years, under the terms of last week's deal between BT and Ofcom, the telecommunications industry watchdog.

Mercury believes the deal, which settled how much competitors should pay for being able to use BT's network, should underpin its position at the focal point of a group of companies challenging BT's predominant position.

Boost for trade fairs in US

Government support for UK trade fairs in the US is to be increased as part of a drive to raise visible exports to a market forced into second place last year by Germany. In an announcement to be made tomorrow by the Department of Trade and Industry, support in the form of the cost for the stands and help with fares for new exporters, will be increased from three to five times in that market, provided there were not more than three applications in one of the trade regions - west, mid-west and north-east - which the DTI designated by the DTI.

Council plans house transfer

The largest ever transfer of council housing into the private sector is being planned by London's Hillingdon Council which is proposing to transfer its entire stock of

14,000 homes to a specially created association. The transfer, which this week won approval from the Environment Department, would be the most radical move yet taken by a council to restructure its housing provision using the 1988 Housing Act.

School reports to be published

The annual performance of schools in England and Wales will be published in local newspapers under proposals for a "parents' charter" announced by Mr Kenneth Clarke, education secretary (pictured).

Schools will also be obliged to undergo regular inspections, but will be free to choose their inspectors from a range of independent teams. The league tables will be based on school attendance records, their public exam and national curriculum test results, and the destination of their leavers.



New facility for IIP initiative

The government has set up a central facility for the administration of its new Investors in People initiative. IIP, which will be formally launched later this year, is a scheme which the government originally intended should be delivered by the 82 Training and Enterprise Councils in England and Wales.

BAe to close factory

British Aerospace is to close its aircraft maintenance unit at Prestwick in Scotland on November 1 where 130 staff are employed. The staff work on BAe 146 jets operated by

parcels airline TNT, which requested that the maintenance work be moved to a site closer to its own base in Luton, Bedfordshire.

Mortgage arrears rise

Mortgage arrears among homeowners rose to just under 5 per cent of all mortgage balances by the end of last year, according to the annual report of the Building Societies Commission. However, the Commission says that the recent fall in interest rates should bring some relief to borrowers.

Union merger gets nearer

A new moderate teachers' union, rivaling the National Union of Teachers in size, may be in place by next summer, the general secretaries of the two unions involved in merger negotiations have indicated. The 135,000-strong Assistant Masters and Mistresses Association, and the Professional Association of Teachers, with 33,000 members, have set up working groups to negotiate a merger.

Tour groups make profit

The top 30 UK package tour companies last year made an aggregate pre-tax profit of £40.3m last year, according to figures released by the Civil Aviation Authority. The CAA, which licenses all holiday companies who include charges for travel in their packages, says the profits came after an aggregate loss of £100,000 in 1989.

Thatcher to head university

Mrs Margaret Thatcher, the former prime minister, is to succeed former Lord Chancellor, Lord Hailsham, as chancellor of the privately run University of Buckingham next March.

Tower birthday

Blackpool tower, Britain's most famous seaside landmark, celebrated its centenary. Schoolchildren from all parts of the world also gathered at the tower, the UK's sixth most popular tourist attraction.

1918 "Mitsui Marine" 1991



Message from President

Ko Matsukata

During the business year under review, the Japanese economy continued to expand principally supported by domestic demand resulting personal consumption and increased capital expenditure in the private sector.

Under these conditions, the Company continued to promote "ACCESS 21," a corporate program it embarked upon in 1989 with the purpose of further strengthening its corporate structure. The Company changed its trade name from Taisho Marine and Fire Insurance Company, Limited to Mitsui Marine and Fire Insurance Company, Limited with effect from April 1, 1991 and, taking advantage of this opportunity, began a new era of corporate development.

Japanese economic growth is expected to slow mainly in the fields of capital expenditure in the private sector and housing project investment, with many uncertain factors such as prices in the domestic market, interest rates and the timing of the business recovery in the United States. We therefore plan to act with attention to these future developments.

The non-life insurance business is experiencing substantial changes in its business environment including implementation of intensified measures to liberalize restrictions on financial activities and to internationalize these activities, the gradual aging of the society and the transition to highly information-oriented society. It is very important for the Japanese non-life insurance industry to cope with the difficulties arising from this changing environment.

The Company shall strive to further improve its results of operations, based on the belief that there shall be opportunities for facilitating growth in the changing conditions discussed above. For this purpose, while actively promoting, among other things, development of new insurance products, improvement of its customer service system, enhancement of its investment abilities and the expansion of its increasingly advanced information system, the Company intends to further strengthen its corporate structure through its efforts to elevate the level of managerial efficiency.

Current Year's Results
Innovative types of insurance products including Nursing Care Expenses Insurance with Maturity Refund (Big Well), Long-term Safety Life Accident Insurance with Maturity Refund (Big Shot), Workers' Comprehensive Insurance with Maturity Refund, Income Compensation Insurance with Maturity Refund, and Personal Accident Insurance with Maturity Refund (Gulliver Wide) — a comprehensive product for the change of the Company's trade name — which improved the existing insurance product — were marketed to satisfy diversified needs of customers. The Company also took an active interest in, among other things, improving its business network, strengthening its agency network and refining its claim handling system, while also devoting its energies to enhancing customer services by starting the "homehelp" introduction services and improving various types of security and disaster prevention services.

In addition, the Company worked to improve its asset management system by further expanding and increasing its organization and personnel as well as by establishing a second overseas investment advisory Company in Hong Kong, with a view to responding to growing financial liberalization and internationalization. At the same time, it made advances towards improving its information system in order to cope with the highly information-oriented society.

In the overseas insurance business markets, the Company promoted its sales activities according to the character of each overseas market, monitoring profitability in each local area, and reinforced its business system through, among others, capital investment in local insurance companies, improvement and amendment of its overseas business structure and increasing the number of overseas offices.

★BALANCE SHEET (as of 31st March, 1991)★

Assets	(Dollars in thousands)		Liabilities and Stockholders' Equity	(Dollars in thousands)	
	1991	1990		1991	1990
Investments	\$21,411,382	\$21,954,129	Losses and claims	\$1,129,425	\$1,114,617
Cash and cash items	1,337,000	1,129,057	Unearned premiums	2,182,114	1,966,284
Net premiums receivable			Investment deposits by policyholders	9,446,383	8,393,716
and agents' balances	412,142	379,234	Accrued income taxes	4,965,908	5,606,652
Property and equipment			Other liabilities	1,391,397	1,308,554
net of depreciation	1,058,369	915,404	Stockholders' equity	6,914,184	7,611,447
Deferred policy acquisition costs	626,567	555,071			
Other assets	1,183,951	1,068,376			
Total	\$26,029,411	\$26,001,270	Total	\$26,029,411	\$26,001,270

Notice of Change of Name and Place for Stamping

European Depository Receipts (the "EDR")
(representing shares of common stock)

Notice is hereby given to the holders of the EDRs that Taisho Marine and Fire Insurance Company, Limited changed its corporate name to Mitsui Marine and Fire Insurance Company, Limited as of 1st April, 1991.
Holders are reminded that the EDR certificates bearing the former name of the Company must be submitted in order to be stamped, from 1st April, 1991, at the offices of Hambros Bank Limited, the Depository, at The Stock Exchange, 41 Tower Hill, London EC3N 4HA or Kredietbank S.A., Luxembourg, 43 Boulevard Royal L-2955 Luxembourg. Only the stamped EDR certificates will be of good delivery on the Luxembourg Stock Exchange.

All further notices regarding the above issue will refer to both names.

MITSUMI MARINE AND FIRE INSURANCE COMPANY, LIMITED
31st July, 1991

Notice of Change of Name

US\$200,000,000 3 1/4 per cent. Bonds 1992 (the "No. 1 Bonds") with Warrants attached to the No. 1 Bonds to subscribe for shares of common stock of the Company (the "No. 1 Warrants"), and US\$300,000,000 3 7/8 per cent. Bonds 1993 (the "No. 2 Bonds") with Warrants attached to the No. 2 Bonds to subscribe for shares of common stock of the Company (the "No. 2 Warrants")

Notice is hereby given to the holders of the No. 1 Bonds, the No. 1 Warrants, the No. 2 Bonds and the No. 2 Warrants that Taisho Marine and Fire Insurance Company, Limited changed its corporate name to Mitsui Marine and Fire Insurance Company, Limited as of 1st April, 1991.

The No. 1 Bonds, the No. 1 Warrants, the No. 2 Bonds and the No. 2 Warrants will not be stamped nor exchanged and remain listed on the Luxembourg Stock Exchange under Taisho Marine and Fire Insurance Company, Limited followed by the new name of the Company, Mitsui Marine and Fire Insurance Company, Limited.

A complementary legal notice as well as the Articles of Incorporation of Mitsui Marine and Fire Insurance Company, Limited have been registered with the Greffe du Tribunal d'Arrondissement de et à Luxembourg.

MITSUMI MARINE AND FIRE INSURANCE COMPANY, LIMITED
31st July, 1991



MITSUMI MARINE AND FIRE INSURANCE CO., LTD.

The annual report will be available at Hambros Bank and our London Liaison Office.

FT LAW REPORTS

Underwriter can appeal from arbitrator's Convention award

HISCOX v. OUTHWAYTE
House of Lords
(Lord MacKay, Lord Chancellor, Lord Keith of Kinkaid, Lord Brandon of Oakbrook, Lord Ackner and Lord Oliver of Aylmerston)
July 24 1991

AN ARBITRATION award is "made" where the arbitrator signs or executes it, irrespective of where the arbitration took place. And if the award was made in a foreign country which is party to the 1958 New York Arbitration Convention so that it is enforceable as a Convention award in the UK, the English court nevertheless has jurisdiction to hear an appeal from the award if it was made under English law.

The House of Lords so held when dismissing an appeal by Mr Richard Outwhayte from a Court of Appeal decision rejecting his preliminary objection to the court's jurisdiction to hear an application by Mr Robert Hiscox for leave to appeal from an arbitration award.

Section 3 of the Arbitration Act 1975 provides: "(1) A Convention award shall be subject to the provisions of this Act, be enforceable (a) in England and Wales... (2) Any Convention award... shall be treated as binding..."

Section 5: "(2) Enforcement... may be refused if... (b) the award... has been set aside or suspended by a competent authority of the country... under the law of which it was made..."

Section 7(1): "Convention award" means an award made in... a state, other than the United Kingdom, which is a party to the New York Convention."

LORD OLIVER said that a dispute arose as to the liabilities of two Lloyd's syndicates under a reinsurance contract made in 1982.

The contract was governed by English law and provided for arbitration in London.

The dispute was referred to Mr R A MacCrimmon QC as sole arbitrator. The hearings took

place in London.

A first stage award, a draft interim award, and a final interim award, were signed by Mr MacCrimmon and witnessed in Paris. When the award was signed it was made available to be taken up at Mr MacCrimmon's chambers in the Temple.

On December 10 1990 Mr Hiscox began proceedings in the Commercial Court seeking *inter alia*, leave to appeal from the award.

Mr Outwhayte raised a preliminary point that the award was a Convention award within section 7(1) of the Arbitration Act 1975, since it had been "made" in Paris, and that the High Court could therefore not entertain an appeal.

Mr Justice Hirst held that the award was "made" in London though signed in Paris, and that the High Court had jurisdiction. Mr Outwhayte appealed.

The Court of Appeal said the award was made where it was signed. It held by majority (Lord Donaldson MR dissenting) that since it was thus a Convention award, the High Court would have had no jurisdiction. By majority however (Lord Justice Leggatt dissenting) it held Mr Outwhayte was estopped from objecting to the jurisdiction. The appeal was dismissed.

On the present appeal Mr Hiscox sought to uphold Mr Justice Hirst's judgment, and to contend that even if the award was a Convention award, the High Court had jurisdiction.

"The Arbitration Act 1975 was passed to give effect to UK obligations under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958."

In support of arguments for and against the proposition that the award was "made" in London, counsel referred to the *travaux préparatoires* leading up to the Convention.

The reference was not of any assistance. There was no real ambiguity in "made".

An award, though the culmination of a continuing process, was not in itself a continuing process. It was just a written instrument, and there was no context for departing from the ordinary, common, and natural construction of "made".

A document was made when and where it was perfected. An award was perfected when it was signed, at any rate

in the absence of something in the arbitration agreement or rules requiring further formalities.

In *Brooke v Mitchell* (1840) 6M & W 473 Baron Parke said "it is only necessary that the act should be complete so far as the arbitrator is concerned, that he should have done some act whereby he... has declared his final mind".

It could not be doubted that Mr MacCrimmon had "declared his final mind" when he signed the award in Paris.

While it was anomalous and regrettable that signature in Paris should stamp what was clearly intended to be an English award as a Convention award, the conclusion that it was irrevocable.

The Court of Appeal was right to hold it was a Convention award. Mr Colman for Mr Hiscox submitted that nevertheless the English court remained entitled to entertain proceedings to set aside or suspend the award.

He argued that the provision in section 3(1) of the Act that a Convention award should be enforceable in England, was "subject to the following provisions of this Act" which included section 5, Section 6(2) enabled the enforcing court to refuse enforcement if the award had been set aside or suspended by a competent court of the country... under the law of which the award was made". That was the curial country, which in the present case, was England.

He said the Act contemplated that what was *prima facie* binding and unchallengeable before the enforcing court, might be set aside or suspended by the curial court.

Mr Sumption for Mr Outwhayte said first, that the Convention and the Act created a dichotomy between the curial and enforcing countries. He said that in section 6(2)(b) "the country... under the law of which" the award was made, was as much a country other than the enforcing country as was "the country in which" the award was made.

There was no reason why "the country under the law of which" the award was made should necessarily exclude the enforcing country.

Second, Mr Sumption argued that 6(2)(a) applied only where the award "has been" set aside or suspended at the time when enforcement or reliance came

into question. Third, he said 6(2)(b) could only apply if there was in the curial country, a "competent" authority to set the award aside or suspend it, but section 3(2) said UK courts were not competent to do anything but enforce the award.

Those two arguments would be more formidable if section 5 finished at subsection (2). But it did not. Subsection (5) had to be taken into account.

It was concerned with an ancillary power of adjournment on the enforcing court. It showed that "has been" in 5(2)(b) could not mean literally "has been at the date when the enforcement/reliance first comes into question".

If that were the meaning, subsection (5) could have no possible field of operation. The whole purpose of the subsection was to provide a power of adjournment in the case of pending proceedings.

The Convention and the Act clearly contemplated that the curial court might be invested with a supervisory power while leaving a discretionary power to the enforcing court (a) to permit a pending supervisory process to continue, and (b) to refuse enforcement if it resulted in the award being suspended or set aside.

While it was doubtful whether the framers of the Convention contemplated the unusual case of the curial country being the enforcing country and the enforcing country being a good reason why they should have desired or sought to exclude curial jurisdiction where its continuance would otherwise have been appropriate. There was nothing in the Convention that compulsively led to the conclusion that the enforcing country's curial jurisdiction was to be ignored in all circumstances.

The High Court remained capable of exercising its curial jurisdiction over the arbitration and of adjourning any decision on enforceability until the pending proceedings or review had been determined.

The appeal was dismissed on that ground.

For Mr Outwhayte: Jonathan Sumption QC and Christopher Butcher (Baroness Mitchell).

For Mr Hiscox: Anthony Gilmann QC, Jonathan Gilmann QC and John Lockey (Fitzhugh Borer).

Rachel Davies

Barister

English

British more

NUCLEAR ELE Powe

By Juliet Sydes

NUCLEAR

the state-owned

operates the power

England and Wales

annual loss from

year to £14m in

ing March 1991,

reported yesterday

"This is the first

leader," said Mr

the company's

Speaking at a

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UK NEWS

English councils may get elected mayors

By Tim Lawrence

DIRECTLY elected executive mayors for local authorities are among options for restructuring the internal management of councils in England outlined by Mr Michael Heseltine, the environment secretary, yesterday.

The discussion document - the third document in the government's review of local government - seeks to overhaul "nineteenth century practices" and streamline local authority business to promote effective decision-making.

The document was generally welcomed by local authority leaders, but Mr Bryan Gould, the opposition Labour party's spokesman on the environment, dismissed it as a "ragbag of whim and fancy".

Mr Heseltine said yesterday that changes in management should enhance scrutiny of decisions, increase public interest in local government and enable councils to develop their constituency role.

Local councils in England, like the rest of the UK, are responsible for delivering public services such as roads, education, housing and street-

Some English councils have budgets running into millions of pounds, and they are big employers...yet they all run themselves using practices first adopted 150 years ago.

cleaning which are central to the quality of life. Some of them have budgets running into hundreds of millions of pounds, and are substantial employers. Yet they all run themselves using practices first adopted over 150 years ago when councils had far fewer duties and incomparably smaller budgets.

Options for reforming the system include:

- Changes to the council committee system to increase delegation and to reconsider the need for minority representation.
- A cabinet system in which

the majority leader would allocate portfolios to council members.

• The appointment of a council manager to take over the day-to-day running of the authority.

• A cabinet-style executive, elected separately from councillors.

• An elected chief executive mayor.

Mr Heseltine also suggested that pay for councillors who took on greater responsibilities would improve management, but he warned that the government had to be persuaded of the merits of change. Pilot experiments would precede any wholesale change.

"Different solutions may be appropriate to different authorities; no single management arrangement is proposed for all authorities," he said.

Plans for direct elections could be based on overseas models. Such models are identified by a survey in the discussion document of council structures in other countries which found that directly-elected mayors are limited to some US cities and Bavarian communes

A survey in the discussion document of council structures in other countries found that directly-elected mayors are limited to some US cities and Bavarian communes

which elect a Burgomaster. The document was given a guarded welcome by Mr Howard Davies, controller of the Audit Commission, the local authority watchdog. The call for councils to experiment to find the most suitable structures to meet their particular needs was a "genuinely interesting approach", but he criticised the sketchiness of the proposals.

Mr Gould, however, said Mr Heseltine's "frantic search for gimmicks means he has never given himself time to find out how local government works."

"The document should have been printed on the backs of envelopes as that is where it was clearly written."

Mr Tony Colman, vice-chairman of the Association of London Authorities, criticised the paper's failure to propose a new authority for the capital.

The Labour-run Association of Metropolitan Authorities, which represents councils in England's largest cities, gave the consultation paper a cautious welcome.

"We welcome the freedom local authorities are promised to choose their own internal management structures," said Mr Jeremy Beecham, AMA chairman. But he accused the government of bailing "obsessed" with the structure of local government rather than strengthening its role as part of the democratic process.

Mr John Chaffield, chairman of the Conservative-dominated Association of County Councils, said: "We welcome the chance to participate in positive changes in local government by finding new ways of providing local people the services they need and want."

Editorial comment, Page 12

Water regulator seeks curb on shareholder dividends

By John Hunt and Daniel Green

THE UK water industry regulator warned yesterday that the water companies could be paying their shareholders too much in dividends, prompting a sharp fall in the sector's share prices.

Ofwat announced that limits on the prices which the privatised water companies can be charged to customers were to be reviewed in 1994 and reset in the following year by the regulator.

Mr Ian Byatt, director general of water services, made it clear that he expected the companies to operate with a lower rate of dividend growth and a higher proportion of debt.

The news caused a nervous session in water company shares, with most recording sharp falls in heavy trading. Severn Trent fell 5 per cent in less than an hour - although it recovered in the last few minutes of trade as buyers moved in just before the close.

"In future water companies should be able to finance their large investment programme on the basis of a lower rate of return on new investment," said Mr Byatt.

"I believe that the assumptions on equity yields, future dividend growth and borrowing rates used in setting price

limits can all be reduced."

Originally price limits for the government for 10 years up to the year 2000. But Mr Byatt now intends to set new limits after five years - a move allowed for in the companies' licences.

This has been done because Ofwat believes the financial assumptions made at the time the price limits were set by the so-called X factor are no longer appropriate to changed circumstances.

Last year there was a 16 per cent average increase in water companies' dividends. Mr Byatt said yesterday that he sees no reason why investors in the water industry should be rewarded with returns in excess of those generally available in the financial markets.

"On the contrary, there are reasons why they should be content with less given the low risk and security of water shares."

Since the initial water company price limits were fixed the financial performance of the industry had been better than expected, he said. Companies had been able to borrow at better than expected rates.

This all pointed to a downward revision of the cost of

capital when adjustments were made to the price limits.

He made it clear that the interests of the customer must be given greater consideration in price setting. Ofwat has commissioned surveys to find out what customers want and expect from their water companies. This will be taken into account when the price review takes place.

For too many years the industry has been driven by experts and the first point at which the customer has contributed has been when the bill arrives," said Mr Byatt.

He said a judgment about what constitutes a reasonable rate of return will be an important consideration when Ofwat sets new price limits for the companies.

Earlier in the month it was announced that profits in the water companies' first year of operation were £1.4bn. This was £238m higher than government expectations before privatisation.

Last month Mr Byatt complained that a £1.7bn capital investment programme for the industry had been underpinned by £50m even though householders' bills had been increased last spring to pay for it.

Textile industry 'under threat'

By Diane Summers, Labour Staff

A SKILLS crisis could threaten the ability of the textile industry to compete in international markets by the end of the decade, according to a study of textile manufacturing and employment patterns.

The report by Lancaster University says training for textile workers is in a "critical state" as the workforce shrinks and gets older.

The findings "raise serious questions about the long-term viability of textile production in Britain".

The number of textile employees has fallen by more than half in 20 years to less than 250,000, largely as a result of competition from the Far East.

But the report says the balance of advantage has moved

back to European producers as quality and speed of delivery have become as important as price. It also says that British industrial textiles remain among the most competitive in the world.

Labour turnover within the industry was at a virtual standstill during the 1980s, so workforces became significantly older. The study says mills will experience severe competition for young labour as experienced workers begin to retire.

This "represents a major threat to the continued existence of textile manufacturing in Britain," because much of the skills training in the industry has traditionally been carried out on the job by more experienced workers.

The study says introduction of night shifts in response to competitive pressures and technological change has increased the proportion of male workers in an industry that has in the past provided large numbers of jobs for women, many of them part-timers.

Mr Roger Penn, author of the study, said companies appeared not to be concerned about the industry's prospects over the next five or 10 years.

"Since the Textiles Employers' Federation collapsed in the mid-1980s no one else seems to care either."

Management in the mills studied for the report "seemed unaware of the demographic time-bomb ticking away in their midst."

Power company cuts annual losses to £14m

NUCLEAR ELECTRIC

By Juliet Sycheva

NUCLEAR Electric, the state-owned company which operates the power stations of England and Wales, has cut its annual loss from £423m last year to £14m in the year ending March 1991, the company reported yesterday.

"This is the first rung of the ladder," said Mr John Collier, the company's chairman. Speaking at a press conference in London yesterday, he said Nuclear Electric could be judged on its current and not performance.

But although the company's operating results were better than the previous year, it had to keep driving costs down in order to win the confidence of the public and the government, which will review the future for nuclear power in 1994, Mr Collier said.

Turnover for the year was £2.22bn, compared with £2.04bn last year. Half this turnover, however, was generated by the government subsidy, levied on sales of coal or gas-fired electricity and paid to Nuclear Electric.

Operating profit was up by 44 per cent at £330m, compared with £226m from its current operations this year, he said.

But this was turned into a



In optimistic mood: John Collier of Nuclear Electric, pictured yesterday, said the company had to push down costs to win the confidence of the public and government.

£14m loss by the interest charges on the £2.8bn of liabilities accumulated when it was part of the Central Electricity Generating Board (CEGB).

The liabilities, which are mainly provisions for decommissioning or dismantling nuclear stations in the future, still dominate Nuclear Electric's balance sheet - which is £3.92bn in deficit, and must be revalued annually.

However, Mr Collier said

yesterday, the government had assured the company in a letter of comfort that it would meet these liabilities, should they arise.

Meanwhile, Nuclear Electric paid off £245m of the debt this year, and expects to continue to do so.

Output from the company's power stations - both the older Magnox stations and the newer advanced gas-cooled reactors (AGRs), was up 6 per

cent on the previous year, the highest output in their history. Production from the AGRs increased by 4 per cent.

This meant that the company planned to extend the life of the two best AGRs, Hinkley Point B and Heysham 2, by five years, Mr Collier said.

This extra revenue allowed the company to revise its provision for decommissioning stations downwards by £725m, giving an exceptional

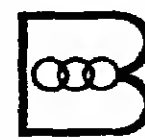
credit in this year's results. The company also hopes to introduce a new and cheaper decommissioning strategy which will cut the annual provision by at least a further £20m.

Meanwhile, operating costs per unit had been cut by 15 per cent, Mr Collier said, giving a cost per unit for nuclear electricity of 4p per kilowatt-hour, compared with a price last year of 4.3p, or 4.7p in today's prices.

Nuclear Electric's calculation of its unit costs does not fully reflect the capital cost of its stations, but is the result of dividing total costs by units produced. Even on this basis, the 4p figure compares with a cost of around 3.2p per unit for coal-fired electricity.

But because Nuclear Electric is a public sector company which finances its capital costs through liabilities, its 4p unit cost cannot be directly compared with that of its competitors, which include the full cost of loan financing for power stations.

Recognising this, Nuclear Electric recently published figures estimating the cost of nuclear power from its various different stations, assuming a 5 per cent return on capital.



Botswana RST Limited

Incorporated in the Republic of Botswana

INTERIM REPORT

Results of the company and its subsidiaries for the six months ended 30 June, 1991.

	Half year ended 30 June 1991	Half year ended 30 June 1990	Year ended 31 Dec 1990
Production and sales (metal tonnes)			
Production at mine-metals contained in matte			
- Nickel	8 511	8 467	17 880
- Copper	9 482	9 348	19 561
- Cobalt	97	89	206
Sales of matte and metals			
- Nickel	8 855	8 974	17 953
- Copper	9 710	10 045	19 600
- Cobalt	105	93	203

Consolidated income statement

	1991 P000's	Half year ended 30 June 1990 (Unaudited) P000's	Year ended 31 Dec 1990 (Audited) P000's
Sales	124 670	118 033	255 917
Operating profit	26 345	29 157	81 325
Royalty paid	(6 070)	-	(11 139)
Interest paid	(2 094)	(23)	(34 180)
Realised currency exchange fluctuations	327	772	2 307
Profit before deferred royalty, deferred interest and unrealised currency exchange fluctuations	18 508	29 906	38 313
Royalty accrued but deferred for payment	(1 240)	(6 355)	(2 480)
Interest accrued but deferred for payment	(117 518)	(106 836)	(186 459)
Unrealised currency exchange fluctuations	(151 719)	20 364	1 903
Taxation	-	-	-

Net loss attributable to the shareholders of Botswana RST Limited	(251 969)	(62 921)	(148 723)
Accumulated deficit at beginning of the year	(1 403 222)	(1 254 499)	(1 254 499)
Accumulated deficit	(1 655 191)	(1 317 420)	(1 403 222)

Net loss attributable to the shareholders of Botswana RST Limited per ordinary share:			
Pula	(P14.01)	(P3.50)	(P8.27)
U.S. Dollars	(\$4.12)	(\$1.07)	(\$2.29)
U.S. Dollars	(\$6.70)	(\$1.87)	(\$4.59)

Exchange rates used above: P1 = \$0.2940 \$0.3065 \$0.2770
P1 = \$0.4785 \$0.5340 \$0.5310

	1991 P000's	Half year ended 30 June 1990 (Unaudited) P000's	Year ended 31 Dec 1990 (Audited) P000's
Capital expenditure and commitments			
Capital expenditure	12 140	16 743	27 566
Capital commitments	1 127	2 684	1 677
Capital expenditure approved by the directors but not committed	20 367	15 700	7 385

Review of Operations

Production from the mines at Phikwe, Selebi and Selebi North kept the mill fully supplied. The tonnage of ore milled was the second highest recorded for a six month period. The capital development of the Selebi North mine was concluded on 30 June and stoping operations commenced as planned on 1 July.

The metallurgical plants generally performed satisfactorily and commissioning of the new electrostatic precipitator, installed to replace the unit damaged in 1989, commenced on 29 April.

Metal production was above the level for the corresponding period of 1990 due to the increased tonnage of ore milled. Mine costs increased by 12.4% above the level of the corresponding period in 1990 and were 5.1% above the level of the last six months of 1990.

The agreements with the Botswana Government and the Botswana Power Corporation, providing BCL with a measure of relief from power charges during periods of unfavourable cash flow, were signed during the period. Sales during the period amounted to 18 670 tonnes of metal contained in matte.

Nickel prices remained steady during the period and the London Metal Exchange (LME) cash nickel price averaged U.S. Dollars 3.91/lb for the six months. The LME cash Grade A copper price averaged U.S. Dollars 1.11/lb for the four months to April but declined thereafter and averaged U.S. Dollars 1.01/lb during June. The Pula depreciated against a strong U.S. Dollar from an opening value of U.S. Dollars 0.53 to U.S. Dollars 0.48 at the end of the half year.

The operating profit was P26.3 million compared with P29.2 million for the

corresponding period of 1990 and P52.1 million for the half year to 31 December, 1990. After royalties, interest charges and currency exchange fluctuations a loss of P252.0 million was recorded for the 1991 period compared to a loss of P62.9 million for the corresponding period in 1990.

The capital expenditure of BCL Limited (BCL) during the six months under review amounted to P12.1 million and was funded internally. A working capital reserve of P43.0 million was retained by BCL at 30 June, 1991 and P6.1 million (U.S. Dollars 4.0 million) of available cash was distributed in payment of royalties and loan interest in terms of the Restructuring Agreement dated as of 31 July, 1985.

BCL remains vulnerable to weak metal prices as its only immediate source of funding is its working capital reserve. Negotiations to conclude arrangements whereby BCL will be given access to concessional funding of ECU 21.65 million (approximately P51.4 million) to meet certain specified capital expenditure over the next few years have reached an advanced stage and it is expected the arrangements will be finalised during 1991. The finalisation of the arrangements is important, particularly in view of the present uncertain outlook for metal prices.

In view of the substantial accumulated losses of BCL, which have led to an extremely high burden of debt, the payment of dividends on the ordinary shares remains remote in the extreme.

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Administration Block: A. B. McKenna
BCL Mine Site
Selebi Phikwe
Botswana

29 July, 1991

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BUSINESS AND THE ENVIRONMENT

The trap is set for hidden waste

By John Thornhill

Most consultants solve problems that are all too easy to identify. Ian Harrison makes a living from tackling a problem that most companies do not even recognise exists but which he estimates costs UK manufacturers £50m a year.

As managing director of Orr & Boss consultants, Harrison advises companies about how they can reduce waste, hardly a glamorous task but one that is likely to assume far greater prominence in these environmentally-conscious and cost-cutting times.

Many companies, he says, only register the cost of waste in the narrowest of terms. A company will pay attention to the costs of waste disposal and will perhaps introduce energy-saving measures - such as switching off all office lights at the end of the day - but is still likely to ignore other opportunities to reduce costs.

Waste can take many forms which are not immediately recognisable: it can be the residue of paint left in the bottom of a can or over-elaborate packaging that is mindlessly discarded. It can be the costs of dealing with damaged stocks in a warehouse or having a machine working to a set of imprecise tolerances.

And there are also the additional but incalculable opportunity costs of the time and effort it takes to rectify problems, re-order stock and replace damaged goods.

Waste is largely a matter of definition. But what is often elaborately defined as residues, write-offs, defects or shrinkage by manufacturers is pure and simple waste to Harrison. In some cases, he says, the costs of waste have outweighed the company's labour bill or even its net profits for the year.

One company that has benefited from a deliberate drive to cut waste is Smiths Crisps, the subsidiary of the giant PepsiCo Foods International business.

Harrison says such companies have always been reluctant to invest in the most efficient manufacturing methods because of their high initial cost. "Snack foods are a product that you never quite know how the market will take. There is a reluctance to invest fully in the manufacturing line

because of the risks involved," he says.

But Tim Raven, operations director of Smiths Crisps, says his company benefited greatly from the additional investment that was needed to reduce the waste at its manufacturing plant for its Quavers snacks.

A team from Smiths worked with Orr & Boss to improve the efficiency of its manually-intensive production process which Raven says was wasting about 15 per cent of the material used in manufacturing its cheesy snacks.

The team changed the specifications of the cutters which cut the raw material into strips - a process which is "rather like taking a razor blade to a jelly baby" - and reduced the amount of drying time to prevent the subsequent cracking of the strips during curing.

The amount of material waste was reduced to about 4 per cent. And because of the improvements in manufacturing methods, Smiths has made further gains in terms of labour productivity.

Harrison points out: "Most companies only think about waste in terms of what it costs to dispose of it. But waste reduction gives you additional capacity."

Smiths' experience is likely to be matched by many other companies. Based on a recent survey of 50 manufacturing companies and its experience across a broad range of sectors, Orr & Boss estimated that manufacturing industry might be wasting £50m a year in terms of materials alone.

Ironically it can often be the cleanest factories that are the worst offenders. "If you have efficient methods of removing waste then you tend to waste more material. If it piles up it registers as a problem," says Harrison.

But another dimension to the problem of waste is the environmental one. Less material waste results in less consumption but this is a connection that is seemingly made by all too few companies.

Although 85 per cent of companies in the Orr & Boss survey had introduced a corporate environmental policy only 26 per cent of them thought that minimising waste was central to that policy.

It may seem paradoxical that someone who earns his living from persuading people to buy more products should want to encourage them to buy less, but that is precisely what Dieter Rams proposes to do.

Rams, who is head of design at Braun, the German consumer electronics group, is convinced that consumers are bored by the manic materialism of the 1980s. He believes the successful companies of the 1990s will be those that design products which last longer and do not date so that people need to replace them less often.

"We have too many things in our lives," he says. "There is too much clutter, too much visual and material pollution. One of the main challenges for industrial designers is to create products with longer lifecycles so we can buy fewer things."

Rams is one of the few designers whose words really carry weight within his own organisation. He is a doyen of industrial design, whose work at Braun has turned the company into an internationally renowned model for design management.

At Braun the design function follows the Bauhaus ideal of being integrated with every aspect of the organisation. Ever since Rams joined in 1955 Braun has identified design as a critical competitive advantage in its attempt to overcome the problem of high German labour costs in the intensely competitive world of consumer electronics.

Rams and his 20-strong design team work alongside engineers, chemists, marketing executives and production planners to develop and refine the company's product range. Rams sits on the main board of Braun (which is a subsidiary of Gillette, the giant US group) and reports directly to the chairman.

Braun allocates a comparatively higher proportion of turnover - roughly 4 per cent a year - to product development. Its designers are involved with every part of the development process from the specification of raw materials to the marketing strategy for the finished product.

Braun is established as a world leader in markets such as shavers, clocks, calculators and kitchen appliances. Its design management system has become a classic case study in the business school textbooks. The name Braun is now synonymous with good design and Braun has more products than any other company in the design collection of New York's Museum of Modern Art.

The Braun designers practise the Bauhaus doctrine whereby "form follows function". Their products adhere to the "10 commandments" of design defined by Rams which range from creating "anterior beauty" to avoiding "superficial design clichés" and products being "easy to understand".

The commandments also advocate "ecological consciousness" and the creation of simple designs that "help clear up the chaos in which we live". It is these environmental issues that Rams believes will pre-

Alice Rawsthorn talks to Braun's Dieter Rams about his approach to designing goods that last

No frills, no spills



Dieter Rams: "We have too many things in our lives. There is too much clutter, too much visual and material pollution"

occupy industrial designers over the next few years.

One of the chief challenges, according to Rams, is "to aim to make products longer lasting so they stay on the market for 10 or 20 years". He cites the examples of two Braun kitchen appliances - the KM33 food processor and MX32 blender - which were introduced in the late 1960s and are still on sale in Germany today.

Rams is convinced that the development of more durable products will encourage consumers to be more discerning about what they buy and to replace things less frequently. At the same time a company

like Braun would be able to reduce its use of raw materials.

However, he accepts that, as a commercial concern, Braun needs to bring out new products to generate sales. The design team does, he says, come under pressure from the marketing department to adapt existing products and to innovate by developing new ones.

But he claims there are sound financial reasons as to why it could also be in Braun's interest to avoid unnecessary change in its product portfolio by making sure that its old lines last longer.

"Financially it is always a risk to bring out a new product," he says. "Second, the longer a company continues with an existing line the less it needs to invest in new plant and machinery."

Product longevity is not the only environmental issue preoccupying Braun's designers. Another concern is the selection of raw materials. Braun has made progress in some areas. It recently found a replacement for cadmium, the substance that was used to stop white plastics from turning yellow.

"We have always tried to be responsible in choosing our materials," says Rams. "But there are problems. There are still some substances that we are not happy with."

The designers are also concerned with the environmental implications of the use and servicing of Braun products. One project is to try to ensure that the kitchen appliances can be cleaned more economically. Two new food processors, the MR300 and UK240, were designed with fewer grooves and rounded edges so that they are easier to clean.

The integrated nature of the Braun design system means the designers are in regular contact with raw material suppliers and are able to discuss such issues with them. Rams sees the struggle to improve raw material selection as "a fight between manufacturers and suppliers with designers in the middle".

One of his longer-term objectives is to set up a system whereby Braun takes responsibility for the eventual disposal of its products. Such a system would enable the company to collect and recycle some parts of the products and to ensure that the remaining parts were responsibly demolished.

"I have no idea how we will do it," he says. "But product disposal is going to become an increasingly important issue in the future. We are going to have to find a solution."

Aluminium x-ray gets the lead out

By Kenneth Gooding

The temptation to hide a lump of lead in a bale of used aluminium cans to be sold back to the aluminium industry is one some people find hard to resist.

Aluminium is so light compared with other materials and can be worth up to 20 times as much. Lead fresh from the smelter costs only half of what the aluminium industry is offering to get back its used beverage cans.

Lead is a very weighty metal so it is favoured by unscrupulous aluminium can collectors. Unfortunately for the aluminium industry, it is also the most damaging contaminant. Even the smallest quantity of lead makes the remelted metal unsuitable for new cans.

Lead is also hard to separate because, unlike ferrous metals, it cannot be removed easily from the aluminium by magnetic separators.

Scientists at the CRA natural resources group in Melbourne, Australia, claim to have solved this by inventing a machine that sorts recycled cans and rejects any that are contaminated.

It is an important breakthrough because recycling aluminium cans is a big business that is getting bigger every year. In the US, 56bn used cans were recycled last year and the industry paid \$900m (£540m) for them.

Since it was installed in February, CRA's machine has revolutionised the recycling operation at Yennora, western Sydney, owned by CRA's aluminium subsidiary, Comalco.

The number of rejected used cans has been cut substantially from the time when the old inspection system resulted in a whole bale of more than 800 crushed cans being rejected every three contamination tests.

CRA's new system involves cans being fed through a sorting machine at a production rate of about three tonnes an hour, or 43 cans a second on average. They are accelerated under gravity down an inclined slide plate and pass

through a 400mm wide x-ray beam. If a contaminated can is detected it is rapidly ejected by a fast-acting pneumatic deflector plate, from the stream of airborne cans leaving the inclined slide plate.

CRA says this system provides sufficient contrast to distinguish impurities ranging from lead lumps to sand and stones from multiple layers of aluminium cans when several pass through the x-ray beam together.

Comalco is paying about A\$9.45 a kilogram (\$6p a lb) for used aluminium cans. It remelts about 685m a year at its Yennora plant and the resulting metal is rolled into fresh cans stock on used other high-grade aluminium alloys. Remelting cans takes only 5 per cent of the energy needed to produce new primary aluminium.

Australia is vying with the US to become world leader in the recycling of aluminium. Last year 62.9 per cent of cans. Last year 62.9 per cent of cans.

All such cans sold in Australia were recycled (up from 62 per cent in 1989).

But the US regained the lead last year with a recycling rate boosted from 60.8 per cent to 63.6 per cent.

This recovered 877,500 tonnes of metal - which is 2,500 tonnes more than the combined capacity of the three largest primary aluminium smelters in the US: Alcoa in Texas and Indiana and Almax's smelter in Washington. Having established a pattern in the US and Australia, the aluminium industry has been turning its attention to Europe. Last year only 26,000 tonnes of used aluminium cans were recycled in Europe but the recycling rate rose healthily from 16 per cent in 1989 to 20 per cent last year.

The European Aluminium Can Recycling Association says: "The US has had more than 20 years to achieve its present level of recycling. We have been around for a far shorter time. But a 50 per cent recycling rate in western Europe is feasible."

MANAGEMENT

Embracing customers in a different fashion

John Thornhill reports on the approach of Laura Ashley's new chief executive



Jim Maxmin: obsessive concentration on target customers

But Laura Ashley's financial position left little room for sentiment. In September, the company announced it was to close seven factories with a loss of 1,000 jobs and would source its products from wherever was most commercially attractive. Laura Ashley's operations in Wales were drastically cut back. The head office had already been moved from Carmarthen to Wales to Maldenhead in Berkshire.

Laura Ashley sold its Penhalligon's perfume chain, the Sandringham Leather Goods stores and its Bryant of Scotland knitwear business. It also shut down the Units chain of high street clothing stores.

By such measures, the company re-established its financial footing. And this was further strengthened in November when Aeon Group of Japan took a 15 per cent stake in the company, facilitating a second refinancing with its banks.

But although it had taken steps to sort out the business financially, Laura Ashley was still confronted by the problem of how it could take the business forward in trading terms. Laura Ashley had rapidly grown from a cottage industry into an international business but its management systems and controls were clearly deficient in coping with the demands of the business.

In some respects the company's small-company structure had been a strength. It meant that the shop managers had been highly responsive to customers' wishes and had developed an instinctive feel for what they wanted. To many customers this approach gave the company a refreshingly distinctive feel as managers could order personalised stock.

"Shouting down the phone was very successful at first but as the business got bigger and went into dif-

ferent countries it became difficult to manage with such direct communication," says Higginson.

The nadir came in 1989 when a breakdown in communication and controls meant that Laura Ashley was two months late in shipping its winter collection to the US, thereby missing the start of its critical selling season.

Laura Ashley realised that every area of its business had to be professionalised. Computer and distribution experts were taken onto the payroll and more of the design function was brought in-house. "All the principles of the business are the same as when it was a small company; it is just that we had to have the skills and technology needed to cope with that on a big scale," says Higginson.

A great deal of emphasis has also been placed on developing the marketing strategy of the company. This has largely been done by Glenn Gib-

son, who joined Laura Ashley from Coopers Lybrand & Deloitte, the management consultants.

"Coming from the outside it was easy to spot that the company was product-led, not consumer-led," she says. She set about constructing a programme of qualitative and quantitative market research to establish what the customer thought about the Laura Ashley brand.

Last November Laura Ashley undertook market research. Initially 150 25 to 34-year-old women were consulted to find out what they were looking for from the Laura Ashley brand and what they thought of garments, materials and ranges. They were asked: "What do we need to do with our products to turn you on?"

Gibson quickly discovered that they thought Laura Ashley was letting them down badly in terms of styling, cut and fit. There were also whole areas - such as clothes that could be worn to work in offices - on which the company was missing out.

"That research gave us a set of hypotheses and assumptions to work with and test quantitatively," Gibson says. "We then put questionnaires out in the stores and got information about current customers, their income, their propensity to spend on clothes, their attitudes to personal fashion and where else they shopped. We had the most amazing response and a huge sample to work with."

Replies were received from 22,000 store shoppers, 10,000 UK mail order customers, and 25,000 US shoppers.

"These enormous samples show the great loyalty to the brand. People wanted it to work. We have to unlock that potential," she says.

The results of that research have been fed back into the design process and have already led to various changes in marketing the goods in the stores. For example, clothes are now designed with a more international market in mind and are displayed in stores according to colour ranges rather than by product lines.

Maxmin will no doubt bring fresh impetus to this marketing process. "To my way of thinking Laura Ashley is a brand. It is not a fashion company. It is not a production or manufacturing company. I see the management task as simply unleashing the intrinsic strength of that fantastic brand."

Maxmin talks enthusiastically about the opportunities to exploit the brand internationally - whether this is by means of running its own stores or by franchising them, selling its branded products through other retailers' outlets, or simply by adding its name to products - as with bedlinen in the US.

An enormous amount of work remains to be done. But Maxmin clearly believes that the company's role in life is now to concentrate obsessively on its target customers.

Laura Ashley's shareholders - who have endured years of frustrations and financial uncertainty - would surely say Amen to that.

Home is where the terminal is

Andrew Jack reports on teleworking

The number of people working from home is on the rise. Although it is still sometimes dismissed as a futurologist's fad, "telecommuting" or "telework" now involves more than 500,000 Britons full-time and a further 1.5m part-time.

Modern technology has permitted this liberation to take place. Digital telephone exchanges, modem links, and affordable but sophisticated computers have allowed the staff of large companies as well as self-employed individuals to work to their own homes, or at sites removed from any headquarters building.

A new book lists practical steps for implementing teleworking in existing organisations. Steven Burch makes no bones about his position. "My starting point is the conviction that teleorganising can be a viable route to lead managers out of structural problems," he writes in the preface. But he also justifiably scorns some of the more rosy projections of the growth in telework.

In the first section, Burns sketches the development of teleworking, and lists some of its implications. Working away from the office is likely to reduce elements as diverse as union organisation and pollution; conversely, it will boost home deliveries and require different house design.

Perhaps the book's greatest value is in the large number of examples of telework in practice in the UK.

A major objection to telework is the risk of social isolation; staff are cut off from daily interaction with their colleagues. However, Enfield Council's scheme for its poll tax administrators has uncovered no such complaints. Visits by supervisors (themselves based at home), training sessions, and phone conversations with colleagues have actually increased human contact. Officials estimate the employees cost £200 to £1,000 a year less than office-based staff.

The author stresses that not all telework takes place from people's homes. In the second section, he attempts to sketch out a four-part classification, only the first of which involves "home telework". This is ideal where individuals want to be self-employed. It also works

where an organisation with a shortage of skilled labour needs to penetrate a region as widely as possible, not excluding anyone who might be dissuaded by having to commute.

Secondly, there are "teleoutposts" where staff are grouped together in their own local office. This greatly reduces commuting time while avoiding the problem of social isolation. Some outposts are very large. Lloyds Bank has a remote centre for 110 word processing staff in Newton Aycliffe, for example.

Frustratingly, like most of Burch's case studies, there is not quite enough information. The friendly environment, ease of hiring staff and the nature of the job - unimpeded by many normal office interruptions - has boosted productivity, he says. But there is no indication of how great these gains are.

His third category is "telecoops": remote working centres managed autonomously which act as subcontractors to one or more companies. Finally, there are "tele-organisations", a rather more opaque category including companies which have developed entirely around teleworking, without the conventional constraints of buildings.

The final section in the book attempts to guide managers trying to launch their own telework schemes. It touches on tax, insurance, health and safety, and union issues. He suggests that the most important characteristics for teleworkers are self-discipline and self-reliance.

The jobs best-suited to telework, he argues, will be those with least demands on bulky equipment, storage facilities or human interaction; whose productivity can be easily measured, and which involve large amounts of uninterrupted work.

However, at the end of the book, the reader is still left wondering whether the case for telework has been proven. What are the tangible, numerical benefits of telework? Why are so many companies reluctant to implement schemes? The practitioners still await more rigorous analysis.

"Teleworking: a strategic guide for management. Rogan Page. £18.95.

TELEVISION

Montepulciano Festival

1540-1610 Moneyweek
1900-1930 World Business This
Week
2110-2140 Your Money
SUNDAY
Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2030-2050 FT Business Weekly
Sky News
1030-1100 FT Business Weekly
CNN
0710-0740 Moneyweek
1540-1610 Your Money
1900-1940 Moneyweek
0040-0110 Inside Business

Making local councils work

MR MICHAEL Heseltine has a busy few months ahead of him. His summer reading includes thousands of submissions on his proposals for a new council tax and on a Local Government Commission to restructure local government. He must digest these and revise his proposals by the end of the summer if the necessary legislation is to be launched in the autumn. Then these complex reforms must be passed through parliament before a spring election if the council tax is to be up and running for April 1992. At the same time he must fight his corner with the Treasury if the council tax is to enjoy a birth process less stressful than that of its older brother the poll tax.

As if all this were not enough, the environment secretary has now issued a third green paper outlining proposals for streamlining the running of local councils. His suggestions include the possibility of elected mayors, cabinet government for councils and a move away from decision-making by committee. The green paper is rather greater in time than the council tax plans and thus there is scope to influence the outcome rather more than with its predecessors.

Damaging conflict
Mr Heseltine devotes most of his green paper to a critique of internal structure, examining alternatives to the current system of administration by committees. One option is for a directly elected mayor to act as chief executive officer with a mandate from the whole local electorate. Such an arrangement carries the potential for damaging conflict, however, since a mayor of one political party might have to co-exist with a council dominated by another party - particularly where a third of councillors were elected every year and the mayor less frequently. The inherent conflict in such a dual mandate explains why directly elected mayors are not common outside a US city.

Other options include the

appointment of a council manager to take over the day-to-day running of councils and a formal cabinet system to separate the executive and representative functions of councillors. At the very least, it should be possible for decision-making to be devolved to committee chairmen. Any of these changes would almost certainly require the introduction of salaries for those who took on such full-time responsibilities. There could also be consequences for the methods of election of councillors which need to be made clear.

Individual councillor
However, the paper is disappointing on how little it has to say about the role of the individual councillor. Whether the green paper leads to radical reform or simply easier delegation of decision-making, the main issue is the role of the ordinary elected member. Currently he or she must agree to sign away all hopes of a normal life in return for spending most evenings at committee meetings or dealing with voters' problems. It is hardly surprising that those who agree to such a self-denying ordinance are so often untypical of the people who elect them.

And, as the Audit Commission has shown, the result is singularly unproductive in terms of setting overall policy strategy or reviewing service performance. If councillors could be persuaded to organise their time better and let managers manage, it should not be beyond the bounds of possibility for a councillor to see the job as no more than a couple of evenings' work a week. And the quality of local services would benefit from a strategic direction and robust performance review.

Mr Heseltine's green paper with its emphasis on structure rather than procedures fails to address these issues. That is a pity, because there is considerable scope for improving the quality of local decision-making within the present committee-based system.

Bottoming out

THE PREVAILING mood of both the UK stock market and economic observers has swung sharply in recent months. By contrast, economic activity has remained subdued. The recession has not deepened; yet there is little sign that recovery is under way.

Yesterday's Confederation of British Industry quarterly survey suggests that the bottom of the recession has been reached. Once seasonal variations are removed, the business confidence indicator, the most reliable guide to future output changes, is unchanged from the previous survey.

Yet there is little evidence in the survey to support the chancellor's weekend claim that the economy is making "dramatic progress", or the stock market view that recovery is imminent. Companies report depressed output and orders. Expectations for the next four months are no more optimistic.

The explanation for the recent share price rally was last week's good news on trade and retail sales. In fact these figures themselves provided little evidence of a strong recovery. Monthly retail sales data are notoriously volatile, while comparisons over three and six months suggest that retail sales have at best stopped falling. Meanwhile this year's current account improvement is as much a product of depressed import spending as of recovery in export growth.

The underlying reason for the rise in sentiment is more likely a feeling that after four quarters of recession, the case for recovery has come. Here the CBI survey suggests a note of caution. The previous two recessions lasted for just four quarters; and both times the

unfiniteness. He should now allow full disclosure of the abuse of government funds, introduce independent monitoring of future spending; and, above all, gain control over the security forces, purge officers who have led politically-inspired violence in the townships, and reassert the rule of law over the police and army. At the same time, the ANC and other leading political parties should be given a greater role in policy making and its implementation. A fully-fledged interim government - advocated by the ANC - is impractical. But greater co-operation is essential if Mr de Klerk is to win the trust so essential for a successful transition to a post-apartheid South Africa.

Necessary steps
IT IS too soon to say that President F W de Klerk has restored his credibility. Final judgment must wait until the measures he announced yesterday are put into practice by his new cabinet. But they are essential steps towards reviving South Africa's negotiating process.

Monday's reshuffle falls short of the African National Congress (ANC) demands for the dismissal from the cabinet of Mr Adriaan Vlok, the police minister, and General Magnus Malan, in charge of defence. However, by demanding Mr Vlok and Mr Malan, and giving cabinet rank to four staunchly reformist members of his party, President de Klerk has made clear that his commitment to ending apartheid is



Roger Matthews on a year of traumatic readjustment in the Middle East Managing the spoils of war

IF, last August 2, a fortune-teller had forecast the events which ultimately flowed from Iraq's invasion of Kuwait, it would have been assumed by many people in the Arab world that he was wildly prejudiced against them, or on the CIA's payroll, or both.

Twelve months on, there is still widespread difficulty at all levels in the Middle East about coming to terms with how disastrously President Saddam Hussein played the cards he dealt himself, and how greatly strengthened in the region the US, the prime supporter of Israel, has become.

Indeed, so strong is America perceived to be by the Arab nations that Israel might be the only party prepared to risk President Bush of the electoral prize of successfully waging war and peace in the same year. It is not just the Arabs and Israelis who are suffering the traumas of adjustment. Within the western democracies, the surge of sympathy after the Gulf war for the plight of the Kurds and of the Shia community in the south of Iraq was cited as evidence of American failure to understand the consequences of military action, or to take responsibility for the policies it had initiated.

Western public opinion also had difficulty accepting that despite the huge political and military effort expended to force Iraq's withdrawal, Mr Saddam remains in control in Baghdad and the instinctively authoritarian al-Sabah family has been restored to power in Kuwait.

Return of the native
■ Don't whisper it too loudly, but one of Britain's longest running management buyouts is about to be completed. Hoare Govett, which made history as the first London stockbroker to sell out to a US bank, will soon score another first by buying itself back.

With a job well done Peter Voss, the Security Pacific banker sent by a worried parent to repair the damage after the 1987 market crash, is heading back to California. This should help reduce Hoare's overheads while ensuring it still has a friend at SecPac, which retains a big stake. Meanwhile well-connected Peter Metternich, a Hoare veteran and one of the best brokers in London, is charged with re-establishing the firm as a powerful player.

He faces a tough task. Certainly Hoare will have more than enough capital and an enviable corporate client list: it is brokers to both ICI and Hanson. But it lacks the comfort of a fund-management business, its research side with one or two notable exceptions isn't up to much, and it is not a big market-maker.

Undercover man
■ Although Edward Hartley-Booth, the Tory barrister selected to fight Mrs Thatcher's Finchley parliamentary seat, is best known for his connections with the British Urban Development Consortium, he also had a little known role as Mrs T's dirty digger.

The human disasters stemming from the war qualified the military victory and became a rallying point for those traditionally disappointed by US successes. But inconveniently for critics of the US, it was the objectives set out in UN Security Council resolutions which were broadly achieved. The perceived failures, such as liberating Iraq from Mr Saddam, were objectives which the US and its allies had not set themselves and which would not have won UN backing.

The realism of American policy in limiting its practical ambitions meant that allied military action was almost bound to leave the Gulf in political turmoil while severely curtailing Mr Saddam's capacity to terrorise other countries. Now an intervention force stationed near the northern border and the threat of air attacks on nuclear facilities help to ensure that Iraq stays approximately in line.

Without that change, the sanctions policy against Iraq looks asked to be in force, tempered only by humanitarian concerns. For so long as Iraq cannot sell oil in substantial quantities, it will be without a long-term reconstruction programme. It seems likely that there will be an uneasy stand-off among the factions within Iraq, punctuated by violence, while Mr Saddam dreams of another big throw which might restore his battered fortunes.

Gamekeeper
■ It is not often that one of Observer's pals gets appointed to high office. Hence I am proud to say that the Hong Kong government has turned a poacher into a gamekeeper by hiring one of its toughest media critics: John Elliott, the FT's HK correspondent.

He has been given the grand title of "consultant Public Affairs Adviser", and will work on promoting the colony as an international financial and business centre. Presumably - some might say hopefully - he will be given diplomatic training before he starts.

The job, a new one, is a sign that Hong Kong realises it has been losing out in the public relations game. While the government machine is efficient, the limited number of senior staff has meant not enough time has gone into changing the colony's sweat-shop image.

High hopes
■ A newly-launched newsletter hoping to profit from the back office management business, has been given the title B.O.

Hunger strike
■ Sweden's politicians have just taken a blow below the belt as a result of their government's moves to reduce direct tax on earnings while tightening up on loan-interest relief and fringe benefits.

A restaurant near the Swedish parliament has banned MPs in a protest against taxes on

lunch vouchers. "You forced 1.2m people to eat from lunch-boxes. You should live by your example", states a sign posted outside by owner Freddie Wieselgren who vows that if he recognises any politicians trying to eat there, he'll throw them out.

Wieselgren says his business has been flagging since January when Premier Ingvar Carlsson's government stiffened limits on lunch-voucher concessions which brought the maximum rate down from over 70 per cent to about 50.

Whereas the voucher was worth two courses of a very good standard, it's now down just to works-canteen level, grumbles Observer's gourmet informant in Stockholm. "And a lunchtime beer on the taxpayer is out of the question."

Victory in oil market
Opec hawks are quiet, writes Deborah Hargreaves

Kuwait has at least temporarily removed discord from the oil cartel - and this has made Saudi Arabia's task easier in pushing a moderate price policy. Saudi Arabia and Iran are even shopping oil again as they did in the run-up to the Gulf war in anticipation of increasing demand later this year. The call on Opec oil is expected to rise to 22m b/d by the fourth quarter from 22.5m b/d.

This is why a slow return of Iraq and Kuwait to the market could at first be relatively painless for the other producers. Demand will remain on a steeply rising curve at least until 1995, although there could be seasonal disruptions which will push down prices.

The decline in output from the Soviet Union will also prop up oil prices. Soviet oil production, which has fallen in the past three years from 12m b/d to 10.5m b/d, is dropping almost as fast as world demand is rising.

Iraq and Kuwait are unlikely to make much impact on the market this year. Kuwait will not be able to supply much above 100,000 b/d before 1992 because the country's oil industry remains devastated, with at least 400 oil well fires still burning.

Iraq will be constrained by its relationship with other Gulf states and the US. Sanctions against Iraqi oil exports are still in place. If they are partially lifted, most commentators

believe Iraq can export about 700,000 b/d through the pipeline that runs across Turkey, although Baghdad has said it can supply up to 1m b/d by the end of the year.

The Gulf crisis was different from preceding oil shocks in 1973-74 and 1979 because Opec acted swiftly to bring lid capacity on stream and avert drastic market disruption. Opec states have ambitious plans to expand output for which they are seeking an estimated \$25bn in western investment over the next decade.

Present market stability is fragile; if demand shows a seasonal downturn by this time next year, when Iraq and Kuwait are producing more, production cuts may need to be imposed. But in the longer term, the consensus is that the market will be tight, leaving no spare capacity to absorb potential political upheavals. Unless a significant expansion of capacity is achieved, the outlook is for steadily rising prices over the next five years.

ments in the Gulf, while gathering political capital elsewhere in the Middle East where the protagonists might be more eager to please. Of course, as the American, Israeli and some Arab governments protested so often during the past 12 months, there was no link between the occupation of Kuwait by Iraq and the occupation of the West Bank, Gaza and the Golan Heights by Israel.

Unthinkable though that concept is, not least because it was Mr Saddam's only fig-leaf, progress towards a peace conference aimed at resolving the Palestinian conflict has accelerated remarkably in the past three months. Mr James Baker, the US secretary of state, is this week expected to visit Israel for the sixth time since Iraq was forced out of Kuwait. His main aim will not be to discuss the Gulf but to set up a conference designed to give Israel the opportunity to negotiate an end to the state of war it has been in for more than four decades, in exchange for the Arab territories it occupied in 1967.

That such a conference is possible is due mainly to a change of mind by Syria, which had been as hostile to Israel as it is to Mr Saddam. President Hafez al-Assad pleased Mr Bush by sending Syrian troops to Saudi Arabia and Kuwait; he pleased him even more by agreeing for the first time to hold direct peace talks with Israel based on UN resolutions 242 and 338. Even Mr Yitzhak Shamir, Israel's premier, was impressed.

Mr Shamir now has an opportunity to demonstrate whether he is as willing as Mr Menachem Begin, his predecessor, who, with American help, manoeuvred President Sadat of Egypt into signing a separate peace which returned land to Cairo but did nothing for the Palestinians. Mr Shamir might just try to pull off the same trick with President Assad, who, with the protection of either the Soviet Union or a peace process would feel highly vulnerable.

Even an Israeli government as determined as this one not to cede an inch of the West Bank and Gaza, could find merit in going to the peace table with Syria. If offered the return of the Golan Heights, albeit under strict conditions of demilitarisation, it is not unthinkable (though still most improbable) that Mr Assad could be tempted to do a deal. If he was, the Israeli dream of neutralising its Arab neighbours without conceding self-determination to the Palestinians would have been realised.

For Mr Assad, no less than Mr Saddam or King Hussein of Jordan, the issues of war, peace or negotiation are ultimately assessed on the degree of probability that they and their governments will survive the outcome. The US military victory in the Gulf, which in turn reinforces Israel's military superiority further north, is the engine driving what is presently called a peace process. As such, there is every danger that it will again address the symptoms but not the most basic issue which made it necessary in the first place: the future of the Palestinians.

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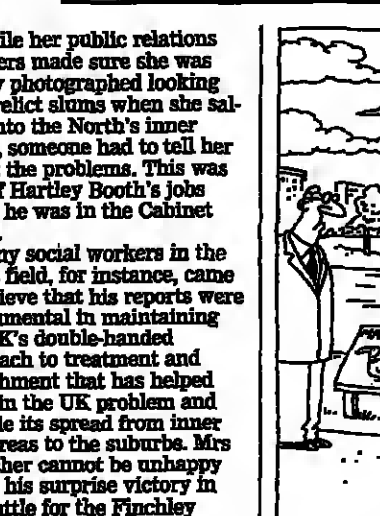
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OBSERVER



Larry's turn
■ Larry Goodman has the doubtful distinction of being one of Ireland's most talked about people.

Last year the Irish "Beef Baron" somewhat worried the banking community by revealing that Goodman International, his privately held holding company, was unable to service its debts of £500m. That little problem seems to have been solved, for the time being at least, with the banks agreeing to a complex bail-out of what is Europe's biggest beef processor.

But non-drinking, non-smoking, quietly spoken Goodman has now got into another spot of bother about the control of Food Industries, the quoted company embracing most of his non-meat interests. The Irish entrepreneur (Goodman started his business career selling off of the back of a truck) owns 67 per cent of Food and has turned down an £55m offer for the company from Greenore, formerly the state-run Irish Sugar company. Alas the rest of the Food

Industries board has voted to recommend acceptance of Greenore's offer. Goodman, well practised in brinkmanship, is said to be holding out for a higher price.

Another twist to the tale is that not so long ago - when the Beef Baron seemed poised to take Food's agribusiness sector by storm - he was himself behind attempts to gain control of Irish Sugar.

In the meantime, over at Dublin Castle Ireland's legal fraternity is settling in for a judicial inquiry into alleged fraud and malpractice in the Irish meat industry - likely to be the longest such proceeding in the history of the Irish state. The man at the centre of attention? Larry Goodman.

Gamekeeper
■ It is not often that one of Observer's pals gets appointed to high office. Hence I am proud to say that the Hong Kong government has turned a poacher into a gamekeeper by hiring one of its toughest media critics: John Elliott, the FT's HK correspondent.

He has been given the grand title of "consultant Public Affairs Adviser", and will work on promoting the colony as an international financial and business centre. Presumably - some might say hopefully - he will be given diplomatic training before he starts.

The job, a new one, is a sign that Hong Kong realises it has been losing out in the public relations game. While the government machine is efficient, the limited number of senior staff has meant not enough time has gone into changing the colony's sweat-shop image.

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BRITISH DIABETIC ASSOCIATION RESEARCH GRANTS

AWARDED JUNE 1991

DR F M ASHCROFT, UNIVERSITY LABORATORY OF PHYSIOLOGY, UNIVERSITY OF LONDON
"Regulation of ATP Sensitive K-channels in isolated pancreatic 8-cells."
£86,366 over 3 years

DR D S W BOAM, DEPARTMENT OF BIOCHEMISTRY & MOLECULAR BIOLOGY, UNIVERSITY OF MANCHESTER
"Tissue-specific and hormonal regulation of LAPP gene transcription."
£78,284 over 3 years

DR A COOKE, DEPARTMENT OF PATHOLOGY, UNIVERSITY OF CAMBRIDGE
"An investigation of the role of macrophages in IDDM."
£65,983 over 3 years

DR M E LEAN, DEPARTMENT OF HUMAN NUTRITION, UNIVERSITY OF GLASGOW
"Development of a barcode system for nutrient intake analysis."
£29,905 over 2 years

PROFESSOR P K THOMAS/DR R H M KING, DEPARTMENT OF NEUROLOGICAL SCIENCE, ROYAL FREE HOSPITAL SCHOOL OF MEDICINE, LONDON
"The endoneurial environment in diabetic polyneuropathy."
£89,037 over 3 years

PROFESSOR D R TOMLINSON, DEPARTMENT OF PHARMACOLOGY, QUEEN MARY & WESTFIELD COLLEGE, LONDON
"Neurotrophic factors and nerve gene expression in diabetic neuropathy."
£75,464 over 3 years

PROFESSOR E K RIMBLE, DEPARTMENT OF CLINICAL BIOCHEMISTRY, QUEEN'S UNIVERSITY, BELFAST
"Aspects of retinal microvascular cell function with special reference to pathogenic mechanisms in early diabetic retinopathy."
£73,986 over 3 years

DR P J WATKINS/DR M E EDMONDS, DIABETIC DEPARTMENT, KING'S COLLEGE HOSPITAL, LONDON
"The pathophysiology and treatment of diabetic autonomic neuropathy and the diabetic foot."
£142,500 over 3 years

A charity helping people with diabetes and supporting diabetes research.

BRITISH DIABETIC ASSOCIATION

INTERNATIONAL COMPANIES AND FINANCE

Puma returns to black on positive performance

By Andrew Fisher in Frankfurt

PUMA, the German sports shoe company which suffered badly in the competitive US market, said yesterday it continued to make profits this year after a positive first-quarter performance.

Net profits totalled DM8.6m (\$4.9m) in the first half of 1991 against a loss of DM4.4m in the same period last year. Turnover was 22 per cent higher at DM2.9bn - though this partly reflected the purchase of Puma's Australian licensee. Excluding this, the increase was 16 per cent.

The return to the black follows the resolution of supply problems in the Far East. Puma, owned by Arminio of Sweden, had hoped to make a profit last year, but was prevented from doing so by the organisational difficulties of

shifting production to low-cost Indonesia and a fire in the Philippines factory.

Despite a 5.4 per cent turnover rise to DM548m in 1990, Puma made a loss of DM8.9m against one of DM2.6m the previous year.

Its troubles began when it moved into the red in 1986 - the year in which it sold preference shares to the public - as a result of the success of rival shoe manufacturers such as Reebok and Nike in the US market. Puma has since concentrated on improving its management structure, marketing and distribution, as well as brightening its products.

Its US presence is limited. Turnover there was less than \$50m last year against \$300m before its transatlantic problems.

PTH warns of lower first-half profits

By Haig Simonian in Milan

PIRELLI Tyre Holding (PTH), the Dutch-based holding company for the tyre activities of Italy's Pirelli group, has warned of a further decline in margins this year, despite severe cost-cutting measures over the past 12 months.

As a result, profits in the first half of this year, due in September, will be below those for the second half of 1990, when PTH lost around £149m (\$25.7m). Based on current forecasts, full-year earnings will also not match up to PTH's 1990 results, when it reported a loss of £19.3m after minority interests. PTH said it would revise its full-year forecast in September, but warned earnings would also be depressed by provisions for restructuring now underway.

The company, which floated its shares on the Amsterdam stock exchange in July 1989, said money-saving measures announced in 1990 and stepped up this year were producing savings. But, benefits have been limited by competitive pressures, which had eroded prices, particularly for tyres sold as original equipment to European car makers.

Pirelli is locked in a takeover battle for Continental, its German competitor. One of the leading arguments behind its bid has been the need to cut costs and improve both companies' competitiveness. Continental's net profits fell to DM93.4m (\$32.2m) last year, although earnings were boosted by its non-tyre activities.

Turnover at PTH fell to £13.05bn in the first half of this year against £13.16bn in the same period last year. Sales were "substantially stable", in volume terms.

FIAT Ferroviaria, the railway equipment subsidiary of Italy's Fiat group, and GEC-Alsthon, the Anglo-French engineering group, have signed an agreement to collaborate on railway equipment.

The deal, which is relevant given Italy's current plan to develop a £27,500bn (£12.54bn) high-speed train network, covers technical, industrial and commercial co-operation.

Face from the past haunts Ambroveneto

IOR is back as a core shareholder of the private-sector bank, writes Haig Simonian

A TREMOR from the past has shaken Banco Ambrosiano Veneto (Ambroveneto), Italy's biggest private-sector bank, after the news that Istituto Opera di Religione (IOR), better known as the Vatican bank, is back as a core shareholder.

Few Italians need reminding that the IOR, then headed by Cardinal Paul Marcinkus, was intertwined in the 1983 collapse of Banco Ambrosiano - Ambroveneto's predecessor.

Nor has it slipped many minds that the mysterious demise of Mr Roberto Calvi, Ambroveneto's chairman, who was found hanging under London's Blackfriars Bridge, has never been solved.

The IOR's return to Ambroveneto's affairs follows a shake-up in the six-member syndicate, which controls around 60 per cent of its shares. As a result, Ambroveneto, which has recovered to become one of the most profitable banks in Italy, may have become more vulnerable to a takeover.

Net profits at the bank rose by 19 per cent to £170bn (\$129.8m) last year, buoyed by its purchase of the smaller Banca Cattolica del Veneto. The profits boost and amicable conclusion of the merger have confirmed Ambroveneto's reputation as one of the best run financial institutions in Italy.

The news that IOR owns 2.29 per cent of Ambroveneto came after last month's surprise decision by Generali, Italy's biggest insurer, to pull out of the shareholding syndicate it had clamoured to join 18 months before.

Generali became a core shareholder of Ambroveneto with France's Crédit Agricole



Paul Marcinkus: former head of IOR



Roberto Calvi: mysterious demise



Giovanni Bazzoli: members may still come in

in late 1989 after another member, Banca Popolare di Milano (BPM), decided to sell its 13 per cent stake.

BPM's shares were split between Generali and Crédit Agricole, both of which also agreed to the syndicate's rule that they raise their holdings to 10 to 12 per cent within 12 months. In January, the deadline was extended by six months at Generali's request.

Credit Agricole reached the 10 to 12 per cent level, but Generali did not go above 5.3 per cent, prompting its decision to pull out of the pact.

Generali's move put the focus on other syndicate members, notably the smaller participants. None more so than Banca San Paolo di Brescia, a regional bank, which also had to raise its Ambroveneto stake to the required level. Together with Mittel, a small merchant, San Paolo di Brescia's holding was less than 8 per cent.

Early this month it transferred San Paolo di Brescia and Mittel managed to get above

the 10 per cent barrier, only thanks to a pool agreement with IOR. The deal was orchestrated by Mr Giovanni Bazzoli, Ambroveneto's chairman, who also happens to be deputy chairman of the San Paolo di Brescia and chairman of Mittel.

Mr Bazzoli's arrangement enabled San Paolo di Brescia to meet its commitment under the pact.

But it is by no means certain his behind-the-scenes manoeuvrings will be enough to guarantee the stability of the Ambroveneto syndicate in the longer term.

For a start, one core shareholder, Credito, already looks shaky. Owned by the Italian Treasury, the company is set to be taken over by Istituto Bancario San Paolo di Torino, the Turin bank which already owns around a third of its shares. Few expect the Torino to retain Credito's Ambroveneto holding once they gain full control.

That could leave the field clearer for other members of

the syndicate to make a bid. Crédit Agricole and Gemina, the investment and financial services group indirectly controlled by Fiat, are the most obvious candidates.

Gemina's desire to break into banking is no secret. It is widely believed the company tried in 1986 to buy Banca d'America e d'Italia, the former Bank of America subsidiary, and failed after dissuasion from the authorities.

Mr Bazzoli pours cold water on suggestions the syndicate may have become looser. Similarly, he sees no signs that either Gemina or Crédit Agricole have their eyes on Ambroveneto. Gemina could be restricted by new anti-trust laws, which put a 15 per cent limit on the stakes industrial companies can hold in banks, while Crédit Agricole seems very happy with the present arrangement, he argues.

Mr Bazzoli also denies further shrinkage of the core shareholders' group is inevitable, even though it has contracted

continuously since the original seven-bank rescue of Banco Ambrosiano nine years ago.

He says new members could still come in. Surprisingly, that may still be the case with Generali. For although it has pulled out of the syndicate, the giant insurer has still left the door open for Alleanza, its life insurance subsidiary, to take its place.

Alleanza is one of a group of insurers discussing cross-marketing links with Ambroveneto. Should their deal come off, many bankers think Generali will transfer its Ambroveneto stake to Alleanza as a first step to Alleanza joining the shareholders' pact.

Mr Bazzoli says the fact that Ambroveneto still has a big holding in Ambroveneto will not influence its choice of an insurance partner. A decision is due before the end of the year. However, Generali's indirect presence could give the syndicate a new lease of life.

But although it would probably scupper any long-term takeover plans by Crédit Agricole, it could also revive the once-popular theory that Generali, Ambroveneto and Banco Commerciale Italiana, the big public-sector bank, are still being groomed for a three-way merger to form a huge new Italian financial powerhouse.

That scheme, identified with Mr Enrico Cuccia, the honorary chairman of Mediobanca, the Milan merchant bank which is one of the biggest shareholders in Generali, is still believed to be close to Mr Cuccia's heart.

With so much uncertainty, Mr Bazzoli's view that the shareholders' pact "contains many novelties", could hold some truth.

VEV to sell subsidiary

By George Graham in Paris

MR PIERRE Barberis, who last week took over the falling VEV textiles group in partnership with a consortium of creditor banks, has reached agreement to sell one of the group's subsidiaries in a bid to reduce its debt burden.

Rothschild et Cie, the Paris branch of the Rothschild banking group, has agreed to buy VEV's 50.1 per cent stake in Gravograph, a mechanical printing business, for FF375.5m (\$63.6m), through its

associated investment companies Francaparc and Euris. The same price of FF195 a share will be offered to the remaining minority shareholders, valuing Gravograph at FF750m. Rothschild will then seek to organise an employee buy-out and to sell on its entire holding in Gravograph.

The two-stage operation appears to be dictated by Mr Barberis's urgent need to make asset disposals in order to get VEV back off the ground.

Oyston quits Trans World

By Ian Hamilton in Farnley

MR OWEN OYSTON, the Lancashire entrepreneur, resigned yesterday as chairman and chief executive of Trans World Communications, owner of the local independent radio stations in Manchester, Leeds, Preston and Cardiff. He faced certain defeat by a majority of disaffected shareholders within a month he had carried on.

Mr Harry Roche, chairman of The Guardian and Manchester Evening News, took over as acting chairman and said an immediate search would begin for a chief executive, which would be a separate post from chairman.

Trans World Communications lost £1.4m (\$2.24m) last year after profits of nearly £4m in 1989.

FIAT Ferroviaria, the railway equipment subsidiary of Italy's Fiat group, and GEC-Alsthon, the Anglo-French engineering group, have signed an agreement to collaborate on railway equipment.

The deal, which is relevant given Italy's current plan to develop a £27,500bn (£12.54bn) high-speed train network, covers technical, industrial and commercial co-operation.

DEUTSCHE Bundespost Postbank, the banking arm of Germany's state-owned postal authority, made a loss of around DM300m (\$170m) in 1990 after a loss of DM360m in 1989, Benter reports.

Werner Morke, a company official, said the 1990 report would be finalised in two weeks. The 1990 loss could be slightly below DM300m.

Postbank's earnings were squeezed by write-offs linked to sharply higher interest rates on the bank's fixed-rate securities holdings, valued at

COMPANY NEWS IN BRIEF

DM16bn. Postbank had to make the provisions because of its switch to industrial style accounting principles.

Bayerische Landesbank Girozentrale reported profit rose 15 per cent to DM250m in the first half compared with the same 1990 period. Reuter reports. The bank expects overall 1991 group partial operating profit to rise 15 per cent.

Group operating cost was up

almost 5 per cent at DM350m mainly due to investments in technical equipment and outlays for branches abroad and in eastern Germany. Interest surplus rose 9.3 per cent to DM524m, while commission surplus increased by some 5 per cent to DM77m.

Koninklijke Borsmij Welruy, the Dutch trading company, expects 1991 net profit to fall considerably short of 1990's £136.5m (\$18.5m), Reuter

reports. The company said it had to scale down its earlier forecast that its 1991 results would at least equal those of the previous year because of unspecified provisions which have to be made. It added that disappointing sales in its sports, shoes and audio-visual units had depressed current year results.

Shareholders in Arnoldo Mondadori Editore, the Italian publishing group, have unani-

mously approved the merger of their company with AME Finanziaria.

The Mondadori group, the focus of a bitter 18-month battle between two leading Italian entrepreneurs that ended in April, will be 60 per cent controlled by Mr Silvio Berlusconi following the merger, Reuter reports.

The state-owned Banco di Napoli said it will offer 100m new ordinary shares at a price between £4,000 and £4,500 each to domestic and foreign investors, Reuter reports.

CRÉDIT FONCIER:
NOT JUST A FRENCH INSTITUTION

Founded in 1852, Crédit Foncier de France is one of France's leading real estate finance and mortgage institutions with assets of FF 326 billion. Yet Crédit Foncier is not just a French institution.

Core businesses

The Group's core businesses are subsidised mortgage lending (pursuant to the French State mandate) and open market lending which accounted for loan production of FF 12 billion and FF 25 billion respectively in 1990. Subsidised mortgage lending involves Crédit Foncier acting on behalf of the French authorities in implementing and managing government subsidised home loan programmes for individuals purchasing their prime residences and for landlords offering rent-controlled residential units. This has seen a decrease in loan production during 1990 but the Group does not foresee a significant decline in 1991. The competitive open market activity, on the other hand, has been particularly successful, with loans to local councils or authorities and loans to property developers and investors. New loan production is up over 30 %, moving in Group terms from about half to around two thirds of new loan production. It has shown an 18 % contribution to Group's total loans outstanding in 1990, up 13 % in 1989.

This accelerated growth underscores the Group's successful diversification strategy. To maintain this success in the open market the Group continues to develop innovative loan formulas to broaden the categories of borrowers.

Strategic diversification

In recent years Crédit Foncier has used the skill developed in its traditional businesses to expand its activities both through strategic diversification and geographic breadth. The strategic diversification increasingly takes the form of partnerships with well established institutions, both in France and internationally.

The skills that have made our success possible in France are the skills that we are now taking into the rest of Europe. They make Crédit Foncier more than just a French institution.

In France, Compagnie Foncière de Crédit, created in 1989 to concentrate on lending to property developers, saw new commitments reach FF 6.5 billion in 1990. The Company's two other finance subsidiaries, l'Auxiliaire du Crédit Foncier and Crédit Logement, also had an active year with FF 3.8 billion generated in open market mortgage lending and guarantees provided to individual borrowers up to FF 19.3 billion for property related loans.

Geographic breadth

The Group's diversification has also brought with it opportunities to offer existing and new products to a broader geographic market. In 1990 the Group had two foreign subsidiaries, Capital Home Loans (CHL) in the UK and Sociedad Iberica de Credito Inmobiliario (SICI) in Spain. By the end of 1990 the loans administered by these subsidiaries amounted to FF 1,358 million.

During 1990 the Group's divisions continued geographic expansion. In Germany a financial services company, Istar-Seits Immobilien, was created through a joint venture with Bayerische Vereinsbank AG which illustrated a Europe-wide policy of joint ventures with local entities. The Group financed transactions on its own or as a syndicate member in Germany, Belgium and Portugal. It also expanded its lending activity to the transportation sector.

In November 1990 Crédit Foncier purchased a 3.5 % interest in Italfondiario, an Italian mortgage lending group. This collaboration has since led to the creation of a new joint venture, Italfondier, which together with a 50 % owned subsidiary created to finance real estate transactions in the Netherlands, proves our continued commitment to expansion in 1991.

All of these Securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

2,000,000 Shares
sea containers Ltd.
\$4.00 Convertible Cumulative Preferred Shares

The \$4.00 Convertible Cumulative Preferred Shares (the "Preferred Shares") of Sea Containers Ltd., a Bermuda company ("SCL"), offered are convertible at the option of the holder at any time, unless previously redeemed, into common shares, \$0.01 par value (the "Common Shares"), of SCL, at a conversion price of \$28.91 per share (equivalent to a conversion rate of approximately 1.730 Common Shares for each Preferred Share), subject to adjustment under certain conditions.

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July 30, 1991

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Notice is hereby given that the Rate of Interest has been fixed at 6.1875% and that the interest payable on the relevant Interest Payment Date October 31, 1991 against Coupon No. 28 in respect of US\$10,000 nominal of the Notes will be US\$158.13.

July 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

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at Citicorp Americas Ltd.
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NOTICE

Series G
To holders of all debentures of
Interprovincial Pipe Line Inc.
(formerly named Interhome Energy Inc.)

At the Annual and Special Meeting held April 25, 1991, the Shareholders approved the change of the Company's name from Interhome Energy Inc. to Interprovincial Pipe Line Inc. This is a name change only and does not affect your holdings in any way. A new certificate for your debentures will not be issued by the trustee, Montreal Trust Company, unless in the course of transfer, transmission or partial cancellation.

Please note that all payments regarding interest due made after June 1991 will be issued under the name of Interprovincial Pipe Line Inc.

For your information, our stock trading symbol on the Toronto and Montreal Stock Exchanges has been changed from "IHE" to "IPL" and from "IHEIF" on NASDAQ-NMS to "IPLIF" to reflect the change of name.

INTERPROVINCIAL PIPE LINE INC.

P.O. Box 398, 10207 Jasper Avenue
Edmonton, Alberta, Canada T5J 2J9
Telephone (403) 420-5210

D.B. MacDermott
Corporate Secretary

INTERNATIONAL COMPANIES AND FINANCE

Pan Am creditors object to Delta's offer on assets

By Martin Dickson in New York

THE dismemberment of Pan Am has hit some unexpected turbulence, with certain creditors of the ailing airline objecting to plans to sell parts of the business to Delta Air Lines.

United Airlines, meanwhile, has withdrawn an offer for other routes.

A meeting of Pan Am's unsecured creditors has objected to a \$310m bid by Delta for a package of assets including its US east coast shuttle service, its Frankfurt hub and several US-Europe routes. The creditors appear to think the assets might command a higher price.

Their rejection will not necessarily kill the deal, for a final

decision on the disposal of Pan Am assets lies with the bankruptcy court, which has scheduled a hearing on August 12 to consider the Delta plan. However, the package would stand a much better chance with the support of creditors. Pan Am has been operating under the protection of the court since the start of the year.

Meanwhile, United Airlines, the second largest US carrier, announced that it had withdrawn its offer for Pan Am's Latin American routes. It refused to elaborate, but there was speculation that it was annoyed that Pan Am management had failed to respond

to its proposal.

United initially bid \$190m for the Latin American operations, plus some other assets, but was thought to have raised its price to \$235m.

Another offer remains on the table from Mr Carl Icahn's Trans World Airlines, which wants to buy Pan Am's assets for \$420m and then sell part of them to American Airlines.

However, TWA is itself struggling to reschedule its heavy debt burden and has been in negotiations with creditors recently. One of the court actions involving its creditors was postponed from yesterday until August 9.

Boeing posts 17% gain on higher sales of aircraft

By Martin Dickson in New York

BOEING, the US aircraft manufacturer, has reported a 17 per cent increase in second-quarter earnings, thanks to increased sales of commercial aircraft and lower losses in its defence and space business.

The results were broadly in line with the expectations of Wall Street. Investors have been widely eyeing aerospace manufacturers for signs of a sharp drop in orders due to the end of the Gulf war, the financial weakness of several US airlines and the general world economic slowdown.

However, Mr Frank Schreitz, the Boeing chairman, said requests by customers to reschedule deliveries continued to affect "a relatively small number of aircraft." To date, no firm orders for jet transports have been cancelled.

Boeing reported earnings of \$444m, or \$1.32 a share, on sales of \$7.5bn, compared with profits of \$387m, or \$1.12, in the corresponding period of 1990.

Sales were \$6.97bn, but the higher aircraft sales were partially offset by increased research and development spending on Boeing's new 777 civilian airliner project.

Mr Schreitz said that Boeing was still expecting an operating loss in 1991 for its defence and space business, but this was expected to be significantly less than the \$418m operating loss in 1990.

For the six months, the company reported net earnings of \$763m, or \$2.22 a share, compared with \$688m, or \$1.99, in the first half of last year. Sales rose from \$13.4bn to \$13.9bn.

Whirlpool surprises with 57% advance

By Karen Zagor in New York

WHIRLPOOL, the world's largest maker of home appliances, yesterday posted better-than-expected second-quarter earnings, helped by unexpected profits from its Brazilian operations.

Net income for the three months ended June 30 jumped 57 per cent to \$88m, or 85 cents a share. Revenues rose only 4 per cent to \$1.77bn. In the year-to-date period, Whirlpool recorded net income of \$37m, or 34 cents, on revenues of \$1.71bn.

Wall Street had estimated earnings of 40 to 50 cents a share, and at mid-day yesterday Whirlpool's stock was up 54 cents, or 54 cents, on revenues of \$1.71bn.

Whirlpool had estimated earnings of 40 to 50 cents a share, and at mid-day yesterday Whirlpool's stock was up 54 cents, or 54 cents, on revenues of \$1.71bn.

The biggest surprise in the quarter came from Whirlpool's Brazilian affiliates, which contributed earnings of 13 cents a share instead of the expected 3.9 cents.

Kemper moves into black despite bond write-downs

By Barbara Durr in Chicago

KEMPER, the large Chicago-based insurance and financial services group, reported second-quarter net income of \$3.1m, or \$1.10 a share, up from a net loss of \$11.2m, or \$2.23, in the 1990 period.

The group's earnings in its life insurance segment were badly affected in the first half by junk bond write-downs. However, Mr Joseph Luecke, Kemper's chairman, said these problems had been more than offset by improved earnings in its investment services, reinsurance and property-casualty insurance businesses.

The 1990 second-quarter loss included a \$126.7m after-tax charge for restructuring Kemper's brokerage services and a \$19.5m settlement of an arbitration panel award. Without those charges, the year-to-date net income was \$35m,

or 71 cents a share.

For the 1991 second quarter, revenues rose to \$769.5m from \$752.6m last year, led by a \$30m increase in insurance premiums and a \$13m rise in net investment income.

Total net income for the first six months was \$104.6m, or \$2.18 a share, compared with a loss of \$72.3m, or \$1.48, in the year-to-date period. Excluding the restructuring charges and arbitration award, net income in the first half of 1991 was \$73.9m, or \$1.51 a share.

Kemper's two life insurance subsidiaries continue to face difficulties, with Moody's last week downgrading their credit rating from "excellent" to "good". The company responded by formally committing \$1.8m in capital against losses. Moody's cited troubled real estate investments as the reason for the ratings change.

Rhône-Poulenc Rorer improves

By Karen Zagor

RHÔNE-POULENC Rorer, the US pharmaceuticals company in which France's Rhône-Poulenc holds a 68 per cent stake, yesterday turned in strong second-quarter earnings.

The company, which was formed last July when the French state-owned chemicals group took control of the US pharmaceuticals concerns for more than \$2bn, had second-quarter net income of \$68.3m, or 50 cents a share, against \$23.8m, or 18 cents, on a pro forma basis in the corresponding period of 1990.

Sales rose 6 per cent to \$284.8m from \$272.4m a year earlier.

On Wall Street, shares in the

company headed towards their 52-week high, adding \$1 to \$44 at mid-session.

The company, based in Fort Washington, Pennsylvania, said sales growth had been led by its prescription products in the US, plasma products worldwide and over-the-counter products in Germany. It added that it was particularly encouraged by the growth in US sales of Maalox, its over-the-counter antacid, compared with a strong second quarter in 1990.

Income from operations rose to \$147m from \$57m on a pro forma basis in the 1990 second quarter.

Mr Robert Cawthorn, chairman and chief executive, said

the company was "making good headway" in bringing new products to market, as evidenced by the recent US Food and Drug Administration approval of Nasacort, the first once-a-day intranasal steroid for the treatment of allergic rhinitis.

"In spite of the stronger dollar, we are confident in our ability to continue to generate strong growth in earnings," Mr Cawthorn said.

For the first six months, the company recorded net income of \$132m, or 89 cents a share, against \$117m, or 74 cents, a year earlier on a pro forma basis. Sales rose to \$1.85bn from \$1.67bn.

PWA remains in red for quarter

By Bernard Simon in Toronto

PWA, the holding company for Canadian Airlines International, reported a C\$35.7m (US\$31m) loss in the second quarter, bringing its deficit for the first half of 1991 to C\$89.5m.

The Calgary-based company has warned that it will suffer a large loss for the full year, and it expects no significant upturn in business until 1993.

The poor financial performance of both Canadian Airlines and Air Canada, as well as the rapid rationalisation of

the international airline industry, has fuelled speculation that the two carriers will be forced either to merge or to forge closer links with non-Canadian airlines.

PWA's second-quarter loss was C\$35.7m, or 75 cents a share, compared with earnings of C\$18m, or 51 cents, in the corresponding period of 1990. Last year's figure included a C\$22m after-tax gain from aircraft sales.

The results of Canadian's commuter-airline subsidiary

are included this year, helping to lift operating revenues by 4.6 per cent to C\$701.6m.

However, average passenger loads for the quarter slipped to 60.1 per cent from 64.5 per cent. Yield per passenger mile grew to 17.8 cents from 16 cents.

PWA also announced that it had signed a deal for the sale of three Airbus A-310s and options on two others acquired when the company bought the charter airline Wardair in 1989. Cash proceeds from the sale will be C\$150m.

CT raises loan loss provisions

CT FINANCIAL Services, the holding company for the Canada Trust group, has raised loan loss provisions to C\$4m (US\$3.6m) from C\$2m, writes Robert Gibbons in Montreal.

First-half net profit was C\$11m, or 88 cents a share, down 6 per cent from C\$11.8m, or 95 cents, in the 1990 period.

U.S. \$100,000,000

FIDELITY FEDERAL

SAVINGS AND LOAN ASSOCIATION

Collateralized Floating Rate Notes Due 1992

Interest Rate	6 3/4% per annum
Interest Period	31st July 1991 31st October 1991
Interest Amount per U.S. \$100,000 Note due 31st October 1991	U.S. \$1,581.25

Credit Suisse First Boston Limited
Agent

HUNGARY

The FT proposes to publish this survey on October 30 1991.

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Data source: Chief Executives in Europe 1990

FT SURVEYS

U.S. \$300,000,000

Woodside Financial Services Ltd.

(Incorporated in the State of Victoria)

Guaranteed Floating Rate Notes due July 1997

Unconditionally Guaranteed by Australian Industry Development Corporation

In accordance with the terms and conditions of the Notes, notice is hereby given, that for the interest period from July 31, 1991 to October 31, 1991 the Notes will carry an interest rate of 8 1/4% per annum. The amount payable on October 31, 1991 will be U.S. \$3,913.19 and U.S. \$156.53 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

July 31, 1991

Notice of Conversion Price Adjustment

Goldstar Co., Ltd.

U.S. \$70,000,000

3 1/4 per cent Convertible Bonds due 2006 (the "Bonds")

NOTICE IS HEREBY GIVEN pursuant to Condition 5(c) of the Terms and Conditions of the above-mentioned Bonds, that further to the resolution passed at the Board of Directors' meeting, held on April 26th, 1991, and the amended resolution passed on July 8th, 1991, to have 6,600,000 new shares that the Conversion Price for the Bonds has been amended as per Clause 6 (C) of the Trust Deed with effect from July 31st, 1991.

31 July 1991
By Citibank, N.A. (CSSI Dept.)
London Principal Paying Agent

CITIBANK

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997

CITICORP BANKING CORPORATION

(Incorporated in the State of Delaware)

Unconditionally guaranteed on a subordinated basis by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 6.1875% and that the interest payable on the relevant Interest Payment Date October 31, 1991 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$158.13.

July 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Subordinated Floating Rate Notes Due November 27, 2005

U.S. \$350,000,000

Notice is hereby given that the Rate of Interest has been fixed at 6.0375% in respect of the Original Notes and 6.125% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date August 30, 1991 against Coupon No. 70 in respect of US\$10,000 nominal of the Notes will be US\$50.31 in respect of the Original Notes and US\$51.04 in respect of the Enhancement Notes.

July 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Subordinated Floating Rate Notes Due October 25, 2005

U.S. \$500,000,000

Notice is hereby given that the Rate of Interest has been fixed at 6.0375% and that the interest payable on the relevant Interest Payment Date August 30, 1991 against Coupon No. 70 in respect of US\$10,000 nominal of the Notes will be US\$50.31.

July 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Subordinated Floating Rate Notes Due January 30, 1998

U.S. \$500,000,000

Notice is hereby given that the Rate of Interest has been fixed at 6.0125% and that the interest payable on the relevant Interest Payment Date August 30, 1991 against Coupon No. 67 in respect of US\$10,000 nominal of the Notes will be US\$50.10.

July 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue

7,250,000 Shares

Kaiser Aluminum Corporation

Common Stock

1,450,000 Shares

The above shares were underwritten by the following group of International Underwriters.

Merrill Lynch International Limited

Credit Suisse First Boston Limited

PaineWebber International

County NatWest Limited
N M Rothschild & Sons Limited

Daiva Europe Limited
J. Henry Schroder Wagg & Co. Limited

Paribas Capital Markets Group
Swiss Bank Corporation

5,800,000 Shares

The above shares were underwritten by the following group of U.S. Underwriters.

Merrill Lynch & Co.

The First Boston Corporation

PaineWebber Incorporated

Beaz, Stearns & Co. Inc.
Kludger, Peabody & Co.
Salomon Brothers Inc.
Allen & Company
Kemper Securities Group, Inc.
Advest, Inc.
Gruntal & Co., Incorporated
Jeffries & Company, Inc.
Mabon, Nugent & Co.
Ragen MacKenzie
Stifel, Nicolaus & Company
Breen Murray, Foster Securities Inc.
Doft & Co., Inc.
Jesup, Josephthal Securities Co., Inc.
Pennsylvania Merchant Group Ltd
W. H. Newbold's & Co., Inc.

Dillon, Read & Co. Inc.
Lehman Brothers
S. G. Warburg Securities
A. G. Edwards & Sons, Inc.
Cowan & Company
Interstate/Johnson Lane
Ladenburg, Thalmann & Co. Inc.
McDonald & Company
Raymond James & Associates, Inc.
Sutro & Co. Incorporated
Tucker Anthony
The Chicago Corporation
First Manhattan Co.
Johnston, Lemon & Co.
Seldner Amdec Securities Inc.
Scott & Stringfellow Investment Corporation

Goldman, Sachs & Co.
Prudential Securities Incorporated
Dean Witter Reynolds Inc.
Furman Selz
Oppenheimer & Co., Inc.
First Albany Corporation
Jamney Montgomery Scott Inc.
Legg Mason Wood Walker
Piper, Jaffray & Hopwood
The Robinson-Humphrey Company, Inc.
Wheat First Butcher & Singer
Crowell, Weedon & Co.
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Wells Fargo & Company

US\$150,000,000

Floating rate subordinated notes due 1992

In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 July, 1991 to 30 August, 1991 the notes will carry an interest rate of 6.0375% per annum. Interest payable on the relevant interest payment date 30 August, 1991 will amount to US\$50.31 per US\$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$200,000,000

Floating rate subordinated notes due 2000

In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 July, 1991 to 30 August, 1991 the notes will carry an interest rate of 6 1/4% per annum. Interest payable on the relevant interest payment date 30 August, 1991 will amount to US\$50.52 per US\$10,000 note and US\$252.60 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

National Australia Bank Limited

US\$100,000,000

Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 6 1/4% per cent for the period 31st July 1991 to 31st January 1992.

Interest payable on 31st January 1992 per US\$10,000 Note will be US\$335.42

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$250,000,000

Floating rate debentures, series 9, due 1996

(Subordinated to deposits and other liabilities)

Interest rate for the period 31 July, 1991 to 31 October, 1991 has been fixed at 6 1/4% per annum. The amount payable on 31 October, 1991 will be US\$158.13 against coupon No. 30.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$250,000,000

Floating rate debentures, series 9, due 1996

(Subordinated to deposits and other liabilities)

Interest rate for the period 31 July, 1991 to 31 October, 1991 has been fixed at 6 1/4% per annum. The amount payable on 31 October, 1991 will be US\$158.13 against coupon No. 30.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$250,000,000

Floating rate debentures, series 9, due 1996

(Subordinated to deposits and other liabilities)

Interest rate for the period 31 July, 1991 to 31 October, 1991 has been fixed at 6 1/4% per annum. The amount payable on 31 October, 1991 will be US\$158.13 against coupon No. 30.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$250,000,000

Floating rate debentures, series 9, due 1996

(Subordinated to deposits and other liabilities)

Interest rate for the period 31 July, 1991 to 31 October, 1991 has been fixed at 6 1/4% per annum. The amount payable on 31 October, 1991 will be US\$158.13 against coupon No. 30.

Agent: Morgan Guaranty Trust Company

JPMorgan

Wells Fargo & Company

US\$250,000,000

Floating rate debentures, series 9, due 1996

(Subordinated to deposits and other liabilities)

Interest rate for the period 31 July, 1991 to 31 October, 1991 has been fixed at 6 1/4% per annum. The amount payable on 31 October, 1991 will be US\$158.13 against coupon No. 30.

Agent: Morgan Guaranty Trust Company

JPMorgan

This announcement appears as a matter of record only

July 1991

BANCO DI SANTO SPIRITO

GRUPPO CASSA DI RISPARMIO DI ROMA

ECU 200,000,000

Term Loan Facility

CAJA DE MADRID

Arranged by

HILL SAMUEL BANK LIMITED

Underwritten by

BACOB SAVINGS BANK S.C. BANCO DI ROMA INTERNATIONAL S.A.
BANQUE GÉNÉRALE DU LUXEMBOURG S.A. BANQUE INDOSUEZ
CAJA DE MADRID DEUTSCHE BANK LUXEMBOURG S.A.
DG BANK LUXEMBOURG S.A. DEUTSCHE GIZOZENTRALE INTERNATIONAL S.A.
HILL SAMUEL BANK LIMITED STANDARD CHARTERED BANK

Funds Provided by

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BANCO DI ROMA INTERNATIONAL S.A. BANQUE GÉNÉRALE DU LUXEMBOURG S.A.
BANQUE INDOSUEZ CAJA DE MADRID
DEUTSCHE BANK LUXEMBOURG S.A. HILL SAMUEL BANK LIMITED
STANDARD CHARTERED BANK

Co-Lead Manager

CAJA DE AHORROS DE ASTURIAS - CAJASTUR

Manager

CCM CAJA TOLEDO

Co-Managers

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CAJA DE AHORROS Y MONTE DE PIEDAD DE GIJÓN Y SAN SEBASTIÁN
DSL BANK LUXEMBOURG S.A. DEN DANSKE BANK IBERCAJA

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Facility Agent

HILL SAMUEL BANK LIMITED

Co-ordinator

CAJA DE MADRID



Instituto de Crédito Oficial

Yen 20,000,000,000

Statutorily Guaranteed

Floating Rate Notes due 2000

For the interest period from July 31, 1991 to January 31, 1992 the Notes will carry an interest rate of 7.4% p.a.
The coupon amount pertaining to each Note of Yen 100,000,000 for this period will be Yen 7,400,000 and will be payable on January 31, 1992.

Listed on the Luxembourg Stock Exchange

The Industrial Bank of Japan, Limited, Tokyo Agent Bank

US Treasury	Percent	Percent	Percent
yield	yield	yield	yield
01/01	15.81	15.82	15.82
01/02	15.81	15.82	15.82
01/03	15.81	15.82	15.82
01/04	15.81	15.82	15.82
01/05	15.81	15.82	15.82
01/06	15.81	15.82	15.82
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01/10	15.81	15.82	15.82
01/11	15.81	15.82	15.82
01/12	15.81	15.82	15.82
02/01	15.81	15.82	15.82
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12/10	15.81	15.82	15.82
12/11	15.81	15.82	15.82
12/12	15.81	15.82	15.82

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

US\$150,000,000

Floating rate notes due 1993

For the six months 31 July, 1991 to 31 January, 1992, the rate of interest has been fixed at 6 7/8%. Interest payable on the relevant interest payment date, 31 January, 1992 against Coupon No. 27 will be US\$32.90

Agent: Morgan Guaranty Trust Company

JPMorgan

NMB POSTBANK GROUP

NMB Postbank Groep N.V.

(originally issued in the name of Nederlandse Middelenbank n.v.)

U.S. \$100,000,000

Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period 31st July 1991 to 31st January 1992, the Notes will bear interest at the rate of 6 7/8% per annum. Coupon No. 13 will therefore be payable on 31st January 1992, at the rate of US\$8,385.42 from Notes of US\$250,000 nominal and US\$335.42 from Notes of US\$100,000 nominal.

S.G. Warburg & Co. Ltd.

Agent Bank

NATIONAL BANK OF HUNGARY

U.S. \$100,000,000

Floating Rate Notes due 2000

Pursuant to Note conditions, notice is hereby given that for the interest period 31st July, 1991 to 31st January, 1992 (184 days), the following interest rates will apply:

15 YEAR LONG-TERM NOTES
(Coupon No. 14)
Rate per annum: 6 7/8%
Amount per coupon: US\$ 354.58
Payable on: 31st January, 1992

3 YEAR SHORT-TERM NOTES
(Variable Coupon Numbers)
Rate per annum: 6 7/8%
Amount per coupon: US\$ 335.42
Payable on: 31st January, 1992

LTCB

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Floating Rate Notes 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period 31st July, 1991 to 31st January, 1992, the rate of interest has been fixed at 8 1/8% per annum. Coupon No. 12 in respect of the Notes will be payable on 31st January 1992, at the rate of NLG104,444.44, and in respect of NLG100,000 nominal of the Notes will be NLG4,088.89.

Amsterdam-Rotterdam Bank N.V.

Agent Bank

U.S. \$100,000,000

Allied Irish Banks Plc

(originally issued in the name of Allied Irish Banks Plc, 1982 to 1989)

Subordinated Primary Capital Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from July 31, 1991 to October 31, 1991, the Notes will carry an interest rate of 6 7/8% per annum. The interest payable on the relevant interest payment date October 31, 1991 against Coupon No. 26 will be U.S. \$167.71 and U.S. \$4,192.71 respectively for Notes of U.S. \$10,000 and U.S. \$250,000. The sum of U.S. \$167.71 will be payable per U.S. \$10,000 principal amount of Registered Notes.

By The Chase Manhattan Bank, N.A.

London, Agent Bank

July 31, 1991

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

ACM in talks on possible counterbid to WMC offer

By Kenneth Gooding, Mining Correspondent

AUSTRALIAN Consolidated Minerals, the natural resources group fighting a hostile AS210m (US\$162.7m) cash bid from Western Mining Corporation and Normandy Posedon, said yesterday it was talking to other potential bidders, and urged shareholders not to sell their shares pending the outcome of these discussions.

ACM also made clear that shareholders would be able to vote on its proposed AS200m deal for Outokumpu, the state-owned Finnish group, to acquire half the world-class Mt Keith nickel project.

WMC and Normandy have set up a jointly-owned company, Replendish, to make the 50 per cent share offer for ACM. If successful, WMC would take the Mt Keith project while Nor-

mandy would acquire the other assets. WMC said that ACM initiated discussions in May, requesting that WMC consider a full takeover. Subsequently, ACM had negotiated with other companies, including Normandy and WMC, about the sale of the Mt Keith project, the Golden Grove joint venture and other assets.

ACM said these discussions were triggered because its main shareholder, AFP, a Monaco-based group, advised it that it wanted to sell its 37 per cent stake.

Analysts suggested yesterday that, with the ACM share price at 97 cents, the WMC-Normandy offer was a non-starter, particularly as it depended on 50 per cent acceptance.

Mr Geoff Campbell, analyst at Ord Minnett, part of the Westpac banking group, said ACM shareholders should seize the Outokumpu deal with both hands. "It offers more for Mt Keith than we assess it is worth. ACM gets cash now and is relieved of the risk that developing a big project involves. Yet, if the nickel price goes sky high, it can have some regret of that."

If the Outokumpu deal goes through, ACM is an even more attractive takeover target - a bidder would get cash and the other assets. Western Mining would drop out if it could not get all of Mt Keith but Normandy would probably continue on its own and there are others who are interested," he said.

Fall in world consumption hits Highveld Steel profit

By Philip Gawth in Johannesburg

HIGHVELD Steel and Vanadium, an Anglo American subsidiary, suffered from a decline in world and domestic steel consumption to record a sharp fall in profits in the six months to end-June.

Turnover dropped by 5 per cent to R648.2m (US\$25.8m), while attributable profit fell 43 per cent to R47.18m from R82.5m.

Mr Leslie Boyd, chairman, said the weak domestic outlook, the result of a substantial decline in consumption owing to a lack of new industrial projects and cutbacks in the mining industry, had been aggravated by excessive inventory build-up in the merchant trade.

Although volumes held up in the international market, lower demand, increased competition and the stronger dollar had put a downward pressure on world vanadium consumption.

World vanadium consumption dropped in line with the 4 per cent reduction in world crude steel production. Over-supply had also driven free market prices to low levels. Mr Boyd said Highveld would be spending R10m on modifying

its Vantura division to enable up to 20 per cent of the group's vanadium slag output to be converted to vanadium pentoxide in South Africa.

On the ferro-alloys side, weak prices for manganese alloys resulted in Transvaal's operating its silicomanganese furnaces at about 70 per cent of capacity. Low ferroalloy prices, the result of low-priced exports from China, the Soviet Union and eastern Europe, had caused Rand Carbide to shut down three of its four ferroalloy furnaces in February.

Mr Boyd said he expected first-half earnings to be maintained in the second, with domestic and export markets remaining weak. He was bullish, though, about the impact of US sanctions being lifted, saying that significant benefits would accrue from this and the strengthening of the US and world economies.

Earnings per share were 43 per cent down to 65.3 cents, compared to the first half of 1990. The dividend was maintained at 30 cents a share.

SGIC sells its share stake in SA Brewing for AS41m

By Mark Westfield

SOUTH Australia's State Government Insurance Commission (SGIC), which is reeling from a potential loss of at least AS45m (US\$18.9m) on a Melbourne property development, has sold down its stake in SA Brewing Holdings to raise AS41m.

Mr John Bannon, the state premier, reassured investors at the weekend that the commission was sound following a AS4m run on its funds last week.

The SGIC has been caught badly by the collapse of the Melbourne commercial property market. It had entered into an option agreement with Westpac Banking to buy an

office development in the city for AS50m during the property boom of 1988. Westpac, which financed the construction of the Collins Street building due to house the failed merchant bank Tricontinental Corporation, exercised an option to "put" the development to the SGIC for AS50m. The option was crucial to the funding of the building, which is worth AS27m on best estimates in today's depressed market.

SGIC accepted a fee of AS22m for entering the option agreement with the bank. It now faces a loss nearly nine times that amount. The deal has caused a political furore in south Australia.

Sustained high demand lifts Sembawang Shipyard

By Joyce Quek in Singapore

SEMBAWANG Shipyard, the diversified Singapore-based shipping group, exceeded market expectations with a strong first half and will reward shareholders with an 8 per cent interim dividend.

Group revenue for the six months to June rose 14 per cent to S\$239.7m (US\$138.5m) as ship repair, the core business,

UK COMPANY NEWS

Acquisitions help Harland Simon advance to £10.5m

By Richard Gourlay

HARLAND SIMON, the process control engineering group, yesterday reported profits up 26 per cent, helped by the successful integration of two acquisitions during the year.

The results, however, were towards the lower end of market expectations and the shares lost 26p to close at 515p. Pre-tax profits rose from £3.1m to £10.48m in the year to March after an exceptional £538,000 provision. Sales rose by 24.5 per cent to £76.7m.

Earnings per share rose 11 per cent to 30.5p in spite of the dilutive effect of the acquisition of Crossfield Press Controls, which it acquired from De La Rue after a £13.9m rights issue last July.

The directors are recommending a final dividend of 5.5p, giving a total of 7.5p, up 25 per cent on the year.

The company continued to push its non-UK sales, which grew 43 per cent to £35.6m. It has also reduced its dependence on the newspaper industry to 45 per cent of sales, from 58 per cent when it was floated

in 1987.

Harland makes equipment that controls continuous processes like newspaper printing, car production, tissue manufacturing and oil and gas pumping.

The exceptional provision was for outstanding debts from Polly Peck International, the fruit and electronics group placed in administration last October.

The group had developed a trading relationship with Polly Peck companies, and Mr Raul Nadir, the son of Mr Asil Nadir, Polly Peck's chairman, was chief beneficiary of a trust that had a 28 per cent stake in Harland until September last year.

Harland is also on the verge of restructuring its interest in Perfect Information, an optically based data retrieval system sold to banks, insurance companies, stockbrokers and newspapers.

Harland will be left with £1m of loan stock in a company with equity of £6m. This will be supplied by venture capital-

ists and institutional investors.

COMMENT

Selling into the newspaper or car industries at present might appear like a mug's game. But with newspaper proprietors seeking greater cost and job cuts and auto makers trying to introduce more flexible production lines, Harland is at the right end of both industries. As a minnow, it is also able to nibble away at larger competitors' market share with great impact on its own performance. Yesterday's share price reversal should therefore be temporary as the market recognises the company has performed well in tight markets. Also its decision to restructure the data retrieval company should give institutions comfort that Harland is not succumbing to distractions. Warburg Securities' forecast of pre-tax profits this year of £13.5m give earnings per share of 46p fully diluted, and a prospective multiple of 11.3 times - close to a low for the company.

March to dispose of race car interests

By John Griffiths

THE FIRST and only fury to date by a specialist racing car company into the Unlisted Securities Market is at an end.

Subject to an extraordinary meeting next month, all the race car and engineering activities of March Group will be sold off to the racing enthusiast directors who run them.

The group will remain on the USM, but if a large acquisition now under negotiation goes through, it will be active solely in the financial services sector. Trading in March's shares was suspended yesterday at the company's request.

The fundamental change of course by the loss-making March was disclosed by chairman Mr John Coven in a letter to shareholders yesterday.

It coincided with publication of the interim results to April 30. These showed a pre-tax loss of £295,000, reduced to £720,000 after release of part of the provision against continuing losses and closure of Cobbold Roach, the Southampton-based stockbroker bought for £3.1m in April last year from Elders IXL. In the previous half-year, March made a pre-tax loss of £104,000.

The Cobbold purchase was intended to form part of a diversification drive aimed at reducing March's exposure to the volatile world of motor racing.

Instead, Cobbold Roach ran up trading losses of £1.3m during March's 10 months of ownership and became the subject of a misappropriation inquiry by the Fraud Squad. Its managing director resigned in February.

The institutional investors who have backed two March rights issues have put the company under considerable pressure to divest itself of the volatile racing and engineering business and concentrate on becoming a financial services venture.

The assets, stock and work-in-progress of March Engineering is being bought for £740,000 cash by Mr David Reeves, its managing director and long-time associate of March founder Mr Robin Herd, and another director, Mr Paul Bolton.

D - Day looms for the Beef Baron

The proposed purchase of Food Industries - Kieran Cooke reports

WHEN FOOD Industries, the Irish agribusiness company, went public in early 1988 the bulls on the Dublin stock market pawed the ground, ready for action.

Food Industries is 68 per cent-controlled by Mr Larry Goodman, head of the privately held Goodman International, Ireland and Europe's biggest beef processor and exporter. Back in 1988 the talk around Dublin's boardrooms was that Mr Goodman - known as the "Beef Baron" - was going to use what was thought to be his vast wealth to turn Food Industries into one of the major players on the European agribusiness scene.

"Just watch what Larry does," was whispered in many a financier's ear. But Mr Goodman's ambitions for Food Industries have come to nothing and the company is up for sale.

Greencore - the former Irish Sugar company privatised earlier this year - has set tomorrow as the deadline for a £58m (£63m) offer it has made for Food Industries.

Although the majority of Food Industries' board has recommended acceptance of the Greencore offer to shareholders, Mr Goodman is trying to hold out for a higher price.

Food Industries still has the reputation of being one of Ireland's better managed companies. It has a good spread of business in the malting and grain handling sectors and is also involved in jam manufacture.

But it has been tied to the fortunes of Mr Goodman. Back in 1988 it seemed there was little Mr Goodman could not do. Goodman International was reputed to have a turnover



Larry Goodman: holding out for a higher offer

approaching £1bn, and account for about 4 per cent of Ireland's GDP.

Mr Goodman was buying meat plants in Brazil and making what were thought to be highly lucrative sales to the Middle East, particularly to Iraq and Iran. When Mr Goodman spent millions of pounds building up a 14 per cent stake in Berisford, the UK dairy group, the market saw it as part of a Food Industries strategy to form a diversified agribusiness empire. But that strategy was charted on sand.

Last August it was revealed that Goodman could not service debts of more than £250m to 33 banks around the world. Several banks said Mr Goodman had misled them: they said they lent money to Goodman International for what

they thought was working capital purposes. Instead, Mr Goodman had used the banks' money to try and expand Food Industries. Goodman's investments on the London stock market had been little short of disastrous. His meat business was in serious difficulties, with Iraq owing more than £160m. The banks were none too pleased when the Irish parliament was recalled from its summer break last year to rush through protective companies legislation. Goodman International immediately sought the protection of the courts.

For much of the past year Mr Goodman has been involved in a protracted and highly complex series of negotiations on a rescue package for his meat group. Part of the deal between bankers and Mr Goodman is that "non-core"

assets - those not related to the beef industry - be disposed of to pay off debts and raise working capital. Mr Goodman has had to sell various property interests. He is also having to sell Food Industries.

The company has been on the market for some months. Its dairy division - built up after a series of much publicised takeover battles between Mr Goodman and farmers' co-operatives - was sold to the Irish Golden Vale group last year for £29m. The offer by Greencore - a company which is still 45 per cent owned by the state - is the first firm offer to be made for Food Industries. Greencore obviously feels it is in a strong position. Mr Goodman is under some pressure from his bankers. His fellow executives at Food Industries feel that little can be done with the company until it cuts itself loose from the none-too-stable Goodman ship.

Yesterday Greencore issued a tough statement saying that its offer deadline would not be extended and if the necessary irrevocable undertakings from Goodman were not received the offer would not proceed.

But Mr Goodman is a fighter. He wants at least £68m for Food Industries.

The "Beef Baron" will need all his guile about him over the next few days to resist the Greencore takeover of Food Industries. Perhaps Mr Goodman will be spurred on by one of the ironies of the present situation. Back in 1989, when Mr Goodman was at the height of his corporate power, he himself made attempts to takeover an Irish company. Its name was Irish Sugar, now Greencore.

Etam urges holders not to sell their shares

By Maggie Urry

ETAM, the fashion retailer under threat from a £121m bid from Oceana Investment Corporation, a South African-controlled retail group, wrote to shareholders yesterday advising them not to sell their shares.

Etam reiterated its view that Oceana was trying "to buy Etam on the cheap". It also repeated its forecast that profits should recover to £27.5m pre-tax once the recession ends.

In the latest financial year, to January 28, pre-tax profits were £8.5m.

Oceana wrote to Etam holders on Monday attacking Etam's retailing strategy. It suggested that Etam's share price will fall sharply if its bid lapses.

On Monday, Oceana instructed Pannure Gordon, the stockbroker, to buy up to 6.5m Etam shares in the market at up to 185p, the value of the bid, for cash settlement. It bought 875,543 shares at 185p, on Monday, taking its stake in Etam to 31.48 per cent. It also has acceptances covering 1.46 per cent of Etam's shares.

Etam claims that directors, with 10.2 per

cent of Etam's shares, and shareholders with a further 23.7 per cent of the company, have said they would reject the offer.

Etam shares rose 1p to 184p yesterday, but turnover in the shares was minimal suggesting that Pannure Gordon had not been able to buy much stock. The offer to buy for cash settlement lasts until August 5, and the general offer is open until August 12. It is a final offer, and could only be increased if a higher bid was made by a rival.

SEET claims damages over stake purchase

SEET, the textile and retailing group chaired by Mr Jack MacKenzie, has issued a writ against Moores Rowland, its reporting accountants, claiming damages for breaches of duty and/or contract arising out of advice in connection with a past acquisition, writes David Owen.

The deal concerned was the 1988 purchase of shares in Homemaker Shops, a Detroit-based chain of bedlinen and bathlinen shops. Moores Rowland has resigned as the group's auditor and been replaced by Neville Russell.

SEET, which yesterday had no further comment on its move, paid some £5.1m (£3m) for a 46 per cent stake in Homemaker in a transaction which gave it an option, not subsequently exercised, to lift its interest to 80 per cent.

Moores Rowland said yesterday that SEET's claim was without substance and would be vigorously defended.

EDS steps up attack on SD-Scicon management

By Richard Gourlay

ELECTRONIC Data Systems, the subsidiary of General Motors of the US, stepped up its attack on the management of SD-Scicon claiming the UK computer services company it is trying to buy reneged on a contract to sell a US subsidiary.

EDS said SD-Scicon had pulled out of a binding agreement to sell its US emissions control business to Envirotech Systems, a US company. Mr John Jackson, the chairman of SD-Scicon, yesterday denied that the company had ever been under an obligation to sell to Envirotech and said that no deal had been struck, as Envirotech claimed.

Credit Suisse First Boston, advisers for EDS, said that SD-Scicon's failure to admit arrangements to sell the company were so advanced in May - including the signing of a number of letters of intent that included a target price - called

into question the integrity of the software company's management.

SD-Scicon has said during its defence that it had turned away offers, including the Envirotech offer for £40m and that there were no negotiations taking place to sell the US company.

CSFB also said that SD-Scicon shareholders did not appear to be aware that as much as half the software company's full year profits of £14m, which the company forecast in a defence document last week-end, was likely to come from the US emissions control business.

EDS is offering 45p a share for the Hampshire-based company in a hostile bid worth £121m.

Earlier this month, SD-Scicon announced that over 48 per cent of its shareholders would not accept the EDS offer at that price.

This announcement appears as a matter of record only.

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July 1991

Lowndes Lambert flotation proves value of smaller MBO funds

Institutions who invested in the Candover 1987 Fund will be finding an early dent in their insurance group Lowndes Lambert show a highly satisfactory return on their investment.

This is the first of the Candover 1987 Fund's investments to be listed and shows that medium sized companies could be the place to look in we come out of the recession.

Candover's Roger Brooke comments on the flotation and quickly confirms our belief in and confidence. "Our belief in and confidence in Lowndes Lambert has been proven well founded and economically sound. Their success confirms our commitment to seeking selective investments in open, specialist companies of this kind where we feel the management is strong."

Candover have organised over 50 buy-outs, buy-ins and delistings worldwide ranging from £1m to £275m as well as providing development capital for smaller companies.

A phone call to Candover might put you on the way to running a publicly listed company.



Who's next?

Candover would like to congratulate Richard Shaw and his team at Lowndes Lambert on the Company's successful flotation, skillfully handled by advisers Kleinwort Benson Securities. This is the first listing from the Candover 1987 Fund and augurs well for its replacement, the Candover 1991 Fund, which will be launched shortly. If you'd like more information on this new fund for investments in medium sized companies, please call Roger Brooke or Stephen Curran on 071-489 3848.

CANDOVER

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UK COMPANY NEWS

YRM beats sector trend and limits fall to 35%

By Maggie Urry

YRM, THE BUILDING design consultant, suffered a 35 per cent drop in pre-tax profits from £30m to £19.5m in the year to April 30.

However, the group fared better than many of its rivals in the difficult trading conditions for construction-related businesses and its shares rose 14p to 50p.

Mr Tim Poulson, chief executive, said that trading conditions worsened through the financial year but the group's wide range of services, readiness to take on smaller commissions and expansion into Scotland and Europe meant it had gained market share.

Turnover was down 14 per

cent to £23.7m (£27.5m), with the second half seeing a sharper fall than the first. Margins improved during the year, though.

Earnings per share were 35 per cent lower at 9.55p (14.45p). The proposed final dividend is to be maintained at 3.35p giving an unchanged total for the year of 5p.

YRM's share price performance since flotation in April 1987 has been poor but its public career has coincided with tough trading conditions. YRM's first big commission after flotation was a 500-bed hotel in Turkey for Poly Peak International, and it has had to make a small provision against that. But it has done better than others in the sector, some of which are reporting losses. After cutting its costs to the bone, and reducing gearing to almost nothing, it should at least be able to maintain profits this year, and the dividend looks safe. A prospective yield of 11.1 per cent and p/e of 6.4 is a far cry from the 2.5 per cent yield and 15.6 multiple the shares were floated on. It may be a while before the shares' rating improves but there should not be much downside from here.

Exposure in a market no longer safe as houses

Vanessa Houlder looks at the background to Barratt's forecast losses and provisions

EVEN BY the standards of the worst housebuilding slump in living memory, the scale of the losses forecast by Barratt Developments, the UK's third largest builder, left the City gasping in amazement.

The bafflement of investors and analysts was undiminished yesterday, thanks to the company's decision not to give further details until September of its £30m provisions and £10m pre-tax loss it predicted for the year to the end of June.

In a statement it merely said that the last six months had seen major losses in its subsidiaries in southern England and the US. The optimism it expressed in March about encouraging signs in the UK and a major recovery in the US, proved to be ill-founded, it said.

The terse announcement left analysts frowning. Was the loss due to specific failings within Barratt or was it due to market conditions, thus signalling further problems for UK housebuilders as a whole?

In some respects Barratt is especially vulnerable. In the early 1980s its profits were nearly wiped out after two World in Action programmes criticised its use of timber frames in its houses and its marketing techniques. Although it eventually recovered, it was left wrong-footed at the next upturn in the market.



Sir Lawrie Barratt: has no doubts about his decision to come out of retirement and take control again

ket. "It came late to buying land and has a large land bank bought at the top of the cycle," says one analyst.

Analysts also reckon that the company suffered as a result of its aggressive policy of taking buyer's old houses in part exchange for new properties. It had 549 unsold second hand houses on its books in the first half of the financial year.

Some believe that the real problems have emerged in the company's Californian operations. So far, the company has not made any provisions against its exposure to the Los Angeles housing market, which has experienced a boom and bust of its own.

But the problems may be closer to home. One analyst, who is close to the company, is adamant that the problems predominantly stem from the company's operations in southern England. As the profitability of housebuilders has dropped the demand for land - and its price - have tumbled. For instance, land around the M25 motorway that cost £1.25m per acre in 1988 is now worth just £250,000.

The glimmer of optimism that emerged after the Gulf war has been overcome by fears of a deepening recession and unemployment. A survey by Halifax Building Society earlier this month showed that falling interest rates had failed to trigger increased turnover.

The decline yesterday of the share prices of some other housebuilding companies suggests that Barratt's announcement may have wider implications. If land prices in the south have plummeted, other UK housebuilders will have to make further provisions.

East Midlands Electricity in European joint venture

By Juliet Sychrava

EAST MIDLANDS Electricity, the regional electricity supply company, will join with five European electricity companies in a joint venture to invest in power station projects around the world, the company announced yesterday.

East Midlands will hold 27 per cent of the joint venture, to be known as Independent Power Generators (IPG). Compagnie Generale des Eaux, the French water and public works authority, will hold 25 per cent and Electricite de France, the French national electricity company, 19 per cent.

A private Spanish electricity company, the Iberdrola Group, will hold 15 per cent of the company, while Alcatel Alsthom, the French telecommunications, transport and energy company, will hold 10 per cent.

IPG's first project will probably be a modest gas-fired power station in the UK, similar in size and cost to the £200m 350MW station East Midlands is building at Corby, Northamptonshire, said Mr Phil Champ, chairman of East Midlands' generation division.

"I've a view that there's a digestible size for the UK market. You have to find purchases for the power," he said.

East Midlands will probably announce further details of the project at the end of the summer. Mr Champ said, but the station is likely to be on the east coast, where access to gas pipelines from the North Sea is easier.

There are now about 50 independent power stations being planned in the UK, although several projects collapsed this summer when they ran into difficulties securing contracts for gas to be delivered in 1993 and 1994.

But Mr Champ said there would be no problem securing gas supplies from 1995 onwards. "There are a number of oil companies with gas to sell for the mid-1990s," he said.

Other independent power projects, such as the 1,728MW Teesside power station being built by a consortium led by the US power company Enron, have run into planning difficulties.

East Midlands' own second power station project, at Rugby, in Warwickshire, also faces planning problems. "We will go ahead, but may have to find another site," said Mr Champ yesterday.

NEWS DIGEST

Shares jump at Victoria Carpet

SHARES in Victoria Carpet Holdings rose 19p to 124p after it reported a 6 per cent fall in annual taxable profits which it described as being "less than might have been expected in what has been a very difficult 12 months for the industry."

On turnover, 5.5 per cent lower at £36.7m (£38.9m) for the year to end-March, profits fell from £2.03m to £1.9m. After tax of £676,000 (£789,000) earnings came out at 19.15p (19.86p).

The dividend is being maintained at 4.5p which, taking into account waivers, will absorb £276,000.

For the future short-term trading prospects remained depressed in the UK and Australia. However the capital spending programme was being maintained at a high level.

Expansion leaves Ramsden's lower

The initial expansion moves by Harry Ramsden's left the West Yorkshire-based fish and chip restaurant operator with interim pre-tax profits lower at £74,000, against £134,000. The chairman said however that the result was above budget.

The performance was the result of good figures from the joint ventures in Blackpool and Glasgow which offset a 5 per cent fall at its original restaurant in Guiseley, Leeds. Negotiations are proceeding for further joint ventures, including one in Hong Kong.

Turnover for this USM-quoted company in the 26 weeks to March 31 was £715,000 (£764,000). Earnings came out at 0.8p (1.4p) but the interim dividend is maintained at 1p.

Everards rises to £298,000

The benefits of a capital investment programme, now nearing completion, enabled Everards Brewery, the Leicester-based independent brewer, to lift its pre-tax profits from £2,000 to £298,000 for the six months ended March 30.

Turnover rose to £15.03m (£13m) but the investment programme resulted in an increase in interest charges from £434,000 to £817,000.

The interim dividend is being lifted to 6.2p (5.8p) from earnings of 9.5p (losses 0.3p).

Estates & General property sale

Estates & General has sold a portfolio of 10 investment properties to a joint venture company for £4.8m.

The new company will be equally owned by Estates & General and WE Black, a private company.

The investments, which are mainly retail, currently generate income of about £400,000 a year, a yield of some 10 per cent. All the properties will be managed by WE Black.

The transaction is being financed mainly by a £3m non-recourse five-year term loan, with the balance being provided equally by the partners.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aegle	int	2.75	Oct 9	2.75	5.85
Harland Simon	fin	5.51	Sept 27	4.5	7.5
Jersey Phoenix	fin	1.875	Sept 28	2.125	5.125
Ramsden's (P) S	int	1	Sept 20	1	4.5
Rights & Issues	int	2.2	Sept 30	2	7.5
Victoria Carpet	fin	4.5	Oct 4	4.5	4.5
YRM	fin	3.35	Oct 16	3.35	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. SUSM stock.

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UNSAVERED REPAYMENT RATE NOTES
DUE 1997
For the period July 31, 1991 to October 30, 1991
The notes have been issued at 100% of face value.
Next payment date: October 30, 1991
Coupon rate: 10
Amount: FFF 480,000,000 for the denomination of FFF 200,000
FFF 240,000 for the denomination of FFF 100,000
THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSCHEMME DE BANQUE
15, AVENUE EMILE REUTER
LUXEMBOURG

US \$204,000,000
Republic of Italy Euro
Repackaged Assets Limited
F.B.R.A.R.I. I
Floating Euro-dollar Repackaged
Assets of the Republic of Italy
due 1993
For the period July 31, 1991 to October 31, 1991 the Notes will carry an interest rate of three per annum with an interest amount of US \$1,541.32 per US \$100,000 Note.
The relevant interest payment date will be October 31, 1991.
Agent Bank:
Banque Paribas Luxembourg
Société Anonyme

"We have made a strong start
Electricity supplied up 6%
in reaching our declared
Turnover up 8%
objectives. We are facing the
Productivity up 10%
challenges of the future
Operating profit up 44%
before exceptional items
with determination and are
Return on capital employed up 29%
operating profit on net operating assets
fully content to be judged
Operating cost per unit sold down 15%
after adjusting for inflation
by our progress towards
meeting them."

John Collier, Chairman and Chief Executive.



Nuclear Electric plc is proud to announce excellent operating results in our first year of existence. Operating profit for the year stands at £326 million on turnover of £2202 million. The construction of the new Sizewell B power station is within budget and some eight months ahead of the construction programme set at the outset of the project. Over the year Nuclear Electric has supplied 17% of all electricity used in England and Wales. Real gains in productivity and output, coupled with cost reductions, are laying the foundations for a successful future.



Nuclear Electric

COMMODITIES AND AGRICULTURE

El Teniente copper miners vote for strike action

By Pablo Bachelet in Santiago

MANAGEMENT and unions at El Teniente mine of the Chilean Copper Corporation (Codelco) were holding last-minute discussions yesterday to avert the strike that workers at the mine had voted overwhelmingly in favour of the evening before.

The strike, in support of demands for higher pay, will begin at midnight tomorrow unless the unions agree to postpone the date so that negotiations can be prolonged.

The company would have to improve its proposal substantially, said Mr Sergio Shipley, who represents 6,000 miners at the negotiating table.

Over 95 per cent of the workers rejected a company proposal that included a \$175,000 (\$500) a man one-off bonus and a profit-sharing mechanism for 2 per cent of the mine's earnings.

"The vote shows miners are united and willing to strike," Mr Shipley said.

Unions are demanding pay increases, which range from 9 to 13 per cent in real terms.

The failure of negotiations to

result in conclusion of an agreement so far indicated some deep-seated problems at Teniente, one of the world's largest underground mining operations, where rising costs are lowering profits.

This makes it unlikely that a profit-sharing deal like the one that helped to end a two-week stoppage at Codelco's Chuquibambilla mine earlier this month will provide the basis for a compromise.

Under their management's proposals, each miner at El Teniente would receive \$100, compared with the \$500 awarded to their counterparts at Chuquibambilla.

Mr Shipley rejected a company counterproposal to peg future salary increases to lower costs.

"We can't peg bonuses to

cost items we don't control, like fuel prices and copper stock levels," he explained.

The union leader recognises that the mine is hugely over-manned, with 9,000 miners expected to produce 296,000 tonnes of copper this year, half of output at the Chuquibambilla mine which has a payroll of a similar size.

Meanwhile, the company, in anticipation of a strike, began turning off furnaces yesterday at Codelco's, a smelting and refining complex near El Teniente.

Mr Daniel Trivelli, who heads the company's negotiating team, said losses resulting from the strike are expected to be "in the order of \$450,000 per day".

The strike, however, will not affect the large work force contracted for specific duties by management, including mine expansion and the installation of new grinders, according to Mr Jorge Revuelta, El Teniente's administrative manager. However, no production would occur during a strike, he noted.

Platinum forced below gold by Japanese

By Kenneth Gooding, Mining Correspondent

DISILLUSIONED JAPANESE investors sparked off another sharp fall in the price of platinum yesterday to the lowest level for five and a half years. It closed in London well below the price of gold - something that has happened only briefly on two occasions since 1986.

Platinum ended the day in London at US\$358.10 a troy ounce, down 7.65.

"The upside for platinum is now fairly limited," suggested Mr Ted Arnold, analyst at the Merrill Lynch financial services group. "Perhaps it might go to \$380 or \$390, but then it will run into a lot of forward selling."

The market has capped itself for some time. Yesterday's fall started overnight on the Tokyo Commodity Exchange (ToCom) as some substantial Japanese investors decided to take a loss on contracts to buy platinum for future delivery.

They were influenced by the weakness of the yen against the US dollar and the behaviour of the platinum price since it was sent reeling in May when Nissan, the second-largest Japanese car producer, said it had developed an automotive catalyst which did not use platinum or rhodium but palladium, which is cheaper.

Production of car catalysts, used to clean up exhaust fumes, accounts for about 40 per cent of platinum demand and Nissan's revelation caused a \$25 an ounce overnight drop in the price.

The market's bearish sentiment has been encouraged by news that exports from the Soviet Union, the second-largest producer after South Africa, had soared in the first half of this year.

An analysis of official statistics by Mr Tony Warwick-Ching of the Commodities Research Consultancy group shows Soviet platinum exports to Switzerland, a clearing centre for precious metals, up from 2,009 kg in the first half of 1990 to 22,671 kg.

The announcement last week that Rustenburg, South Africa's largest platinum producer, was to a new low-cost open pit mine in the Northern Transvaal, unsettled the market further.

Gold and silver prices followed platinum down yesterday. Gold closed in London at \$362.65 an ounce, down 2.55, and silver fell 4.5 cents to end at 404.5 cents an ounce.

Mr Arnold pointed out that demand for both these metals was very weak and "precious metals are no different from base metals, there is nothing mystical about them. If demand is not there, the price won't go up".

Poisonous jam prescribed for possum pests

Dai Hayward on a threat to New Zealand's forests and cattle

NEW ZEALAND'S billion-dollar-a-year beef export industry faces a potentially catastrophic threat from a bright-eyed, pink-nosed, sharp marsupial - the possum, which is invading grass pastureland and carrying the menace of bovine tuberculosis to cattle herds.

Imported into the wild originally from Australia 100 years ago - and not to be confused with the American opossum - it has thrived in the lush forests of New Zealand and has developed into a larger, quite different animal to its ancestor. Its numbers multiplied rapidly until, helped by the anti-fur campaign which virtually put an end to trapping, there has been a population explosion.

The possum has wiped out large tracts of native forest and is threatening the native Christmas tree - the pohutukawa - which is so named because of its mass of bright red December blossom, with extinction. Most serious of all it carries the TB virus. Bovine TB was eradicated from cattle herds some years ago but recently animals grazing near the forest edge have been diagnosed as having the disease.

Its existence was revealed in the regular two yearly checks carried out on all dairy and beef herds. Infected cattle are immediately slaughtered, animals banned from grazing on land where they feed and movement of all stock from affected farms prohibited.

New Zealand was already spending NZ\$18m (US\$12.2m) a year trying to control possum numbers but now more money and a greater urgency is being devoted to the fight against the engaging mammal.

The advance of the TB-carrying possums has been described as "an ecological

disaster". Hillsides and forest valleys that were a blaze of scarlet in summer months are now huge patches of grey with up to 50 per cent of the trees killed or dying. The nocturnal marsupials can destroy trees more than 100 feet tall by eating everything - the bark, buds, berries, leaves and flowers.

Currently 70 m. possums are estimated to be eating their way through the forests. They are also attacking horticultural crops and home gardens as they take up residence in city parks. Trapping and using cyanide poison baits had little impact on the numbers and there is now growing clamour for the authorities to use the extremely powerful 10-80 poison, which has been banned from general farm use because of its extreme toxic qualities.

Before the collapse of international fur prices many season workers spent the winter hunting possums, shooting up to 200 in a night - a quick, perhaps more humane death, than poisoning. Now the market no longer makes it worthwhile spending nights in the bush tracking the creatures.

It is perhaps ironic that European and American animal lovers who mounted the anti-fur campaign against women wearing fur coats have directly contributed to the much more unpleasant death by poisoning of possibly millions of these animals. At the same time bird lovers are concerned that 10-80 poison pellets dropped from the air will also kill native species. Government scientists are trying to find a composition which will repel birds but attract possums.

In one controlled attack on an offshore island where 180 tonnes of possum pellets raised from the skies cinnamon



The marsupials have multiplied to 70m in a 100 years

proved to be the most effective. It was rejected by the birds but appealed to the possums.

Conservation officers and scientists agree that trapping, shooting or poisoning can only have a delaying effect on the possum population explosion. Their reproduction rate is high. They have the ability to produce a new joey, as the young babies are called, every 27 days. Fortunately, however, female possums generally breed only twice a year.

Possibly the best hope of reducing the threat is to find a virus-carrying insect which could infect the animal making it sterile. As it is, desperate scientists have even tried biodynamic control.

This involves burning the animals' testicles and fur, mixing the ash with sand and spraying it onto grass or crops when the moon is in the right quarter. The theory, put forward in all seriousness, is that the mixture would repel possums and be a cheaper, safer

method of eradicating them than poison. The mixture had no effect. Possums held in a happily chewed on treated food while untreated food lay nearby.

Farmers and agricultural officials in the extreme north are banding together to resist a "line of death" right across the country. They band to protect more than a million disease-free dairy and beef cattle from the menace of TB which has been detected in possums 60 miles to the south.

Established at a narrow point of the country the cordon will be 20 miles long and a half mile wide. The strip will be thickly spread with poisonous jam which, it is hoped, will appeal to the possums' taste buds but be ignored by other wild life.

The project may sound ludicrous. But it is at least an indication of just how seriously farmers and the authorities view the threat from the cuddlesome marsupials.

Silver stocks reappraisal urged

THE WORLD silver stockpile is grossly over-estimated and about half of it is unsuitable for key industries because of poor quality, according to a Mexican government official, reports Reuters from Coeur d'Alene, Idaho.

Mr Alfredo Elias, under-secretary of mines and basic industry in the Ministry of Energy, who is attending the Silver Institute's annual conference, said about 50 per cent of the stocks are not of sufficient quality for use by the photographic and electronic industries.

He stressed: "You have to upgrade the quality. You can do it through other processes, but it costs a lot of money."

As part of world stocks, Mr Elias included stocks held by the US government, industry and foreign governments, as well as unreported investment stocks and those held by the futures exchanges.

He said that Mexico, the US

and Canada plan to fund a study of the size and quality of world stocks with funding coming from a levy on production in the three countries of 1.5 cents a troy ounce. Mr Elias told the conference.

Actual analysis will be done by an "independent, reputable consulting firm" that will be selected over the next few months, he added.

The three countries want the independent consultant to come up with "reliable figures on production".

They want an "in-depth study into what inventories really are", according to Mr Elias. It is planned that up to date data shall be published twice a year.

Estimates of high stocks are unnecessarily driving down world prices, Mr Elias told the conference.

At the New York Commodity Exchange (Comex) alone, silver stocks stood last Friday at 275.79m troy ounces, slightly

down from an all-time high set last September. Silver futures for September delivery at Comex are trading at just above \$4 an ounce, down from a 1991 high of \$4.70 and life-of contract high \$6.40.

● Growth in Mexico's mining sector will slow this year from last year's 7.7 per cent as the low level of world prices takes its toll, Mr Elias said. But he said growth would not be eliminated because of expansion in certain non-metallic minerals.

Salt, sulphur, coal, copper and non-metallic minerals such as fluorspar were all "doing very well".

"It depends on how you count growth," he added. "If you count on volume, we will probably have increases in most minerals. But if you count on value, there will be reductions due to lower world prices."

In 1990, domestic mining investment grew to \$570m from about \$200m in 1989.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 1,640-1,670 (1,640-1,650).

BISMUTH: European free market, min. 99.95 per cent, \$ per lb, tonne lots in warehouse, 2,90-3,200 (same).

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 1,40-1,60

(1,30-1,50). **COBALT:** European free market, 99.5 per cent, \$ per lb, in warehouse, 12.75-13.00 (12.65-13.20).

MERCURY: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 75-95 (80-95).

MOLYBDENUM: European free market, drummed molybdenic oxide, \$ per lb Mo, in warehouse, 2,30-2,55 (2,32-2,37).

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 4,80-5,40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg W), 60-80 (same).

Vanadium: European free market, min. 99.95 per cent, \$ lb V₂O₅, Oct. 2,30-2,50 (2,40-2,50). **URANIUM:** Nuxco exchange value, \$ per lb U₃O₈, 9.05 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

THE OLD adage urging speculators to "buy on the rumour and sell on the news" seemed to sum up London Metal Exchange traders' response to yesterday's announcement that miners at Chile's El Teniente copper mine had voted to go on strike tomorrow night (see story above).

The cash copper price, which had risen \$37.50 a tonne in three trading days as the strike vote approached, fell back £13 yesterday to £1,323 a tonne. Dealers said that it was generally expected that a settlement would be achieved before tomorrow's deadline. At the London Futures and Options Exchange Coffee prices regained some of Monday's

decline, although traders said there was little reaction to news that members of the Brazilian coffee industry were meeting to discuss their stance on the renegotiation of the moribund International Coffee Agreement.

The September futures price closed \$4 higher on the day at \$538 a tonne. Cocoa prices registered modest falls as dealers reported signs of selling by Ivorian and Malaysian producers. There was no reaction to the International Cocoa Organisation's announcement that it had raised its forecast of the 1990-91 production surplus from 89,000 to 108,000 tonnes.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB) + or -
Dubai \$18.25-18.30 +0.05
Brent Blend (Sep) \$18.40-18.50 -0.75
WTI (1 pm est) \$21.40-1.45 +0.10

Oil products

Oil products
NWE prompt delivery per tonne FOB + or -
Premium Gasoline \$24.50-24.60
Gas Oil \$18.90-19.00
Heavy Fuel Oil \$18.70-18.80
Petroleum Argus Estimates

Other

Gold (per troy oz) \$362.65 -2.55
Silver (per troy oz) \$404.50 -4.5
Platinum (per troy oz) \$358.10 -7.65
Palladium (per troy oz) \$385.25 -0.88

Copper (US Producer)

Copper (US Producer) 104.5c
Lead (US Producer) 50c
Tin (Kuala Lumpur market) 16.40c
Tin (New York) 125.00c
Zinc (US Prime Western) 65c

Cattle (live weight)

Cattle (live weight) 102.30p -1.47p
Sheep (live weight) 121.80p +4.88p
Pigs (live weight) 65.10p +0.54p

London daily sugar (raw)

London daily sugar (raw) \$20.00 -1.4
London daily sugar (white) \$20.00 -1.5
Tate and Lyle export prices \$20.75 -1.5

Barley (English seed)

Barley (English seed) £18.0c
Maize (US No. 3 yellow) £18.0c
Wheat (US Dark Northern) 50c

Rubber (Sep)

Rubber (Sep) \$3.75p -0.25
Rubber (Oct) \$4.25p -0.5
Rubber (Nov) \$4.75p -0.5

Cocoa (US No. 1 Aug)

Cocoa (US No. 1 Aug) \$27.00p -0.5
Cocoa (Philippines) \$40.5c
Palm Oil (Malaysian) \$37.0c
Cocoa (Philippines) \$35.0c
Soyabean (US) \$19.50
Cotton "A" Index 79.20c
Wooltops (64 Super) 35p

COTTON

Liverpool Spot and shipment sales for the week ended July 29 amounted to 83,000 bales, against 235,000 in the previous week. Trading was mainly at a low level, with sales in Pakistan, American and Israeli growths.

SUGAR - London POK (\$ per tonne)

Aug 200.00 270.00 280.00 240.00
Sep 210.00 280.00 290.00 250.00
Oct 220.00 290.00 300.00 260.00
Nov 230.00 300.00 310.00 270.00
Dec 240.00 310.00 320.00 280.00
Jan 250.00 320.00 330.00 290.00
Feb 260.00 330.00 340.00 300.00
Mar 270.00 340.00 350.00 310.00
Apr 280.00 350.00 360.00 320.00
May 290.00 360.00 370.00 330.00
Jun 300.00 370.00 380.00 340.00
Jul 310.00 380.00 390.00 350.00
Aug 320.00 390.00 400.00 360.00
Sep 330.00 400.00 410.00 370.00
Oct 340.00 410.00 420.00 380.00
Nov 350.00 420.00 430.00 390.00
Dec 360.00 430.00 440.00 400.00
Jan 370.00 440.00 450.00 410.00
Feb 380.00 450.00 460.00 420.00
Mar 390.00 460.00 470.00 430.00
Apr 400.00 470.00 480.00 440.00
May 410.00 480.00 490.00 450.00
Jun 420.00 490.00 500.00 460.00
Jul 430.00 500.00 510.00 470.00
Aug 440.00 510.00 520.00 480.00
Sep 450.00 520.00 530.00 490.00
Oct 460.00 530.00 540.00 500.00
Nov 470.00 540.00 550.00 510.00
Dec 480.00 550.00 560.00 520.00
Jan 490.00 560.00 570.00 530.00
Feb 500.00 570.00 580.00 540.00
Mar 510.00 580.00 590.00 550.00
Apr 520.00 590.00 600.00 560.00
May 530.00 600.00 610.00 570.00
Jun 540.00 610.00 620.00 580.00
Jul 550.00 620.00 630.00 590.00
Aug 560.00 630.00 640.00 600.00
Sep 570.00 640.00 650.00 610.00
Oct 580.00 650.00 660.00 620.00
Nov 590.00 660.00 670.00 630.00
Dec 600.00 670.00 680.00 640.00
Jan 610.00 680.00 690.00 650.00
Feb 620.00 690.00 700.00 660.00
Mar 630.00 700.00 710.00 670.00
Apr 640.00 710.00 720.00 680.00
May 650.00 720.00 730.00 690.00
Jun 660.00 730.00 740.00 700.00
Jul 670.00 740.00 750.00 710.00
Aug 680.00 750.00 760.00 720.00
Sep 690.00 760.00 770.00 730.00
Oct 700.00 770.00 780.00 740.00
Nov 710.00 780.00 790.00 750.00
Dec 720.00 790.00 800.00 760.00
Jan 730.00 800.00 810.00 770.00
Feb 740.00 810.00 820.00 780.00
Mar 750.00 820.00 830.00 790.00
Apr 760.00 830.00 840.00 800.00
May 770.00 840.00 850.00 810.00
Jun 780.00 850.00 860.00 820.00
Jul 790.00 860.00 870.00 830.00
Aug 800.00 870.00 880.00 840.00
Sep 810.00 880.00 890.00 850.00
Oct 820.00 890.00 900.00 860.00
Nov 830.00 900.00 910.00 870.00
Dec 840.00 910.00 920.00 880.00
Jan 850.00 920.00 930.00 890.00
Feb 860.00 930.00 940.00 900.00
Mar 870.00 940.00 950.00 910.00
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Sep 1050.00 1120.00 1130.00 1090.00
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Jan 1090.00 1160.00 1170.00 1130.00
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Mar 1110.00 1180.00 1190.00 1150.00
Apr 1120.00 1190.00 1200.00 1160.00
May 1130.00 1200.00 1210.00 1170.00
Jun 1140.00 1210.00 1220.00 1180.00
Jul 1150.00 1220.00 1230.00 1190.00
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Mar 1230.00 1300.00 1310.00 1270.00
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May 1250.00 1320.00 1330.00 1290.00
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Nov 1310.00 1380.00 1390.00 1350.00
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Jun 1380.00 1450.00 1460.00 1420.00
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Aug 1400.00 1470.00 1480.00 1440.00
Sep 1410.00 1480.00 1490.00 1450.00
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Nov 1430.00 1500.00 1510.00 1470.00
Dec 1440.00 1510.00 1520.00 1480.00
Jan 1450.00 15

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Seaq volume increased towards the close to give a final total for the day of 507.9m

from US sources. The Dow Jones industrial average increased towards the close to give a final total for the day of 507.89 shares compared with 528.44 on Monday. Traders believed that customer, or retail activity in London equities had yesterday fallen below the 12bn recorded for Monday's session. Retail business, the life blood of the securities industry, has proved erratic over recent weeks, but the 12bn daily figure regarded as a minimum for a respectable market was exceeded twice last week.

Among stocks to remain firm at the close were, in addition to such US oriented sectors as the pharmaceuticals, the domestic state gunners which reflect optimism over consumer spending trends.

FT-A All-Share Index

1250
1200
1150

Equity Shares Traded

Turnover by volume (million)
Excluding:
Inter-market business & Overseas turnover

600
400
200
0

May 1981 July

245p. One observer said sentiment was made more gloomy by speculation that the US may be about to offload some of its strategic stockpile of platinum and drive the price down fur-

The market felt that Inchcape had risen too far in spite of the good performance of Toyota in the UK and the shares lost 4 to 38p.

A good run for Williams Holdings came to a halt as property-takers brought the price down 8 to 323p.

Carpet manufacturer Victoria Park Holdings jumped 19 to 124p after announcing a maintained dividend.

Craigmiles, the garden centre chain, blossomed 5 to 78p as the shares recovered from a recent profits warning.

Vickers lost 10 to 30p on busy turnover of 5.5m, having been even lower, after UBS Phillips & Drew cut profits expectations because of the fall in car sales experienced by

The combination of a squeeze and the return of bid speculation lifted Hawker Siddeley's share price to 570p. It traded up 14 p to 580p in nervous trade ahead

succeeded as managing director of Carrin Ltd. & P. by Mr Don Carrin who was managing director and general manager of Caradon Rollins. The companies are part of CARADON PLASTICS.

■ Ms Jean Wadlow, managing director of the Wadlow Grosvenor group, has been appointed to the board of SADLER'S WELLS TRUST.

■ Mr Peter Bentley has been appointed to managing director of Lovell Developments, St Albans, succeeding Mr Paul Butcher, now head of the LOVELL GROUP division incorporating Lovell



Mr Clive Snowdon (pictured) has been appointed finance director of HAWKER SIDDELEY's aerospace division. He was managing director of Pickers Medical International.

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EQUITY FUTURES AND OPTIONS TRADING

FT-SE 100 index futures kept up a strong lead over the stock market yesterday, while the FT-SE 100 futures market saw activity in British Gas and Ladbroke, writes Jim McCallum.

For much of the session the September FT-SE contract traded at a 30 to 35-point premium to the spot index, which was slightly higher than the previous day but still considerably above the 20 to

22-point fair value premium. Around mid-session futures moved ahead in line with the cash market as dealers anticipated a stronger performance by Wall Street.

In the event US shares rallied but the market lost its confidence after the decline in water shares. But a late lurch by Wall Street allowed futures to regain much of their losses.

September FT-SE closed at 2,823, down 11 point on the day.

Despite the equity market's hesitancy, September's closing premium of 36 points indicated that the recent build up of bullish sentiment has not evaporated and further gains in equities are anticipated.

In the traded options market the main features were a technical trade in FT-SE December 2,725 calls and activity in British Gas September 280 puts and Ladbroke January 300 calls.

BRITISH FUNDS.						BRITISH FUNDS—Contd.						INT. BANK AND O'SEAS						
1991	High	Low	Stock	Price	% ch.	Yield	1991	High	Low	Stock	Price	% ch.	Yield	1991	High	Low	Stock	
"Shorts" (Lives up to Five Years)							Over Fifteen Years						CORPORATION LOANS					
100.0	99.2	98.4	100.0	100.0	0.0	10.63	100.0	99.2	98.4	100.0	100.0	0.0	10.63	100.0	99.2	98.4	100.0	
99.0	98.2	97.4	99.0	99.0	0.0	10.62	99.0	98.2	97.4	99.0	99.0	0.0	10.62	99.0	98.2	97.4	99.0	
98.0	97.2	96.4	98.0	98.0	0.0	10.61	98.0	97.2	96.4	98.0	98.0	0.0	10.61	98.0	97.2	96.4	98.0	
97.0	96.2	95.4	97.0	97.0	0.0	10.60	97.0	96.2	95.4	97.0	97.0	0.0	10.60	97.0	96.2	95.4	97.0	
96.0	95.2	94.4	96.0	96.0	0.0	10.59	96.0	95.2	94.4	96.0	96.0	0.0	10.59	96.0	95.2	94.4	96.0	
95.0	94.2	93.4	95.0	95.0	0.0	10.58	95.0	94.2	93.4	95.0	95.0	0.0	10.58	95.0	94.2	93.4	95.0	
94.0	93.2	92.4	94.0	94.0	0.0	10.57	94.0	93.2	92.4	94.0	94.0	0.0	10.57	94.0	93.2	92.4	94.0	
93.0	92.2	91.4	93.0	93.0	0.0	10.56	93.0	92.2	91.4	93.0	93.0	0.0	10.56	93.0	92.2	91.4	93.0	
92.0	91.2	90.4	92.0	92.0	0.0	10.55	92.0	91.2	90.4	92.0	92.0	0.0	10.55	92.0	91.2	90.4	92.0	
91.0	90.2	89.4	91.0	91.0	0.0	10.54	91.0	90.2	89.4	91.0	91.0	0.0	10.54	91.0	90.2	89.4	91.0	
90.0	89.2	88.4	90.0	90.0	0.0	10.53	90.0	89.2	88.4	90.0	90.0	0.0	10.53	90.0	89.2	88.4	90.0	
89.0	88.2	87.4	89.0	89.0	0.0	10.52	89.0	88.2	87.4	89.0	89.0	0.0	10.52	89.0	88.2	87.4	89.0	
88.0	87.2	86.4	88.0	88.0	0.0	10.51	88.0	87.2	86.4	88.0	88.0	0.0	10.51	88.0	87.2	86.4	88.0	
87.0	86.2	85.4	87.0	87.0	0.0	10.50	87.0	86.2	85.4	87.0	87.0	0.0	10.50	87.0	86.2	85.4	87.0	
86.0	85.2	84.4	86.0	86.0	0.0	10.49	86.0	85.2	84.4	86.0	86.0	0.0	10.49	86.0	85.2	84.4	86.0	
85.0	84.2	83.4	85.0	85.0	0.0	10.48	85.0	84.2	83.4	85.0	85.0	0.0	10.48	85.0	84.2	83.4	85.0	
84.0	83.2	82.4	84.0	84.0	0.0	10.47	84.0	83.2	82.4	84.0	84.0	0.0	10.47	84.0	83.2	82.4	84.0	
83.0	82.2	81.4	83.0	83.0	0.0	10.46	83.0	82.2	81.4	83.0	83.0	0.0	10.46	83.0	82.2	81.4	83.0	
82.0	81.2	80.4	82.0	82.0	0.0	10.45	82.0	81.2	80.4	82.0	82.0	0.0	10.45	82.0	81.2	80.4	82.0	
81.0	80.2	79.4	81.0	81.0	0.0	10.44	81.0	80.2	79.4	81.0	81.0	0.0	10.44	81.0	80.2	79.4	81.0	
80.0	79.2	78.4	80.0	80.0	0.0	10.43	80.0	79.2	78.4	80.0	80.0	0.0	10.43	80.0	79.2	78.4	80.0	
79																		

AGRICULTURAL BANK OF GREECE

**Privatisation
SEASIDE PLOT OF AVIKO CO.
(Island of Kos - South Aegean)**

As part of the Government's Privatisation Programme, the AGRICULTURAL BANK of Greece and the Agricultural Products Processing Cooperative of Kos, members of AVIKO Co., an agricultural products processing cooperative, located on the island of Kos (S. Aegean) invite interested investors to participate in the purchase of a seaside plot (20.7 thousand sq. m) owned by the company.

For further information, please contact the person(s) named below or submit your request by August 30, 1991 to the Agricultural Bank of Greece. For more information may be obtained from the AGRICULTURAL BANK OF GREECE, Privatisation Unit, 23 Panepistimiou Street, 105 62 Athens. Tel: (01) 329 8723, (01) 329 8353 Fax: (01) 329 8706

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AMERICANS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
100	100.00	100.00	Alcoa	100.00	0.00	100	100	100.00	100.00	Alcoa	100.00	0.00	100
101	101.00	101.00	Amgen	101.00	0.00	101	101	101.00	101.00	Amgen	101.00	0.00	101
102	102.00	102.00	Amgen	102.00	0.00	102	102	102.00	102.00	Amgen	102.00	0.00	102
103	103.00	103.00	Amgen	103.00	0.00	103	103	103.00	103.00	Amgen	103.00	0.00	103
104	104.00	104.00	Amgen	104.00	0.00	104	104	104.00	104.00	Amgen	104.00	0.00	104
105	105.00	105.00	Amgen	105.00	0.00	105	105	105.00	105.00	Amgen	105.00	0.00	105
106	106.00	106.00	Amgen	106.00	0.00	106	106	106.00	106.00	Amgen	106.00	0.00	106
107	107.00	107.00	Amgen	107.00	0.00	107	107	107.00	107.00	Amgen	107.00	0.00	107
108	108.00	108.00	Amgen	108.00	0.00	108	108	108.00	108.00	Amgen	108.00	0.00	108
109	109.00	109.00	Amgen	109.00	0.00	109	109	109.00	109.00	Amgen	109.00	0.00	109
110	110.00	110.00	Amgen	110.00	0.00	110	110	110.00	110.00	Amgen	110.00	0.00	110

CANADIANS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
111	111.00	111.00	Amgen	111.00	0.00	111	111	111.00	111.00	Amgen	111.00	0.00	111
112	112.00	112.00	Amgen	112.00	0.00	112	112	112.00	112.00	Amgen	112.00	0.00	112
113	113.00	113.00	Amgen	113.00	0.00	113	113	113.00	113.00	Amgen	113.00	0.00	113
114	114.00	114.00	Amgen	114.00	0.00	114	114	114.00	114.00	Amgen	114.00	0.00	114
115	115.00	115.00	Amgen	115.00	0.00	115	115	115.00	115.00	Amgen	115.00	0.00	115
116	116.00	116.00	Amgen	116.00	0.00	116	116	116.00	116.00	Amgen	116.00	0.00	116
117	117.00	117.00	Amgen	117.00	0.00	117	117	117.00	117.00	Amgen	117.00	0.00	117
118	118.00	118.00	Amgen	118.00	0.00	118	118	118.00	118.00	Amgen	118.00	0.00	118
119	119.00	119.00	Amgen	119.00	0.00	119	119	119.00	119.00	Amgen	119.00	0.00	119
120	120.00	120.00	Amgen	120.00	0.00	120	120	120.00	120.00	Amgen	120.00	0.00	120

BANKS, HP & LEASING

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
121	121.00	121.00	Amgen	121.00	0.00	121	121	121.00	121.00	Amgen	121.00	0.00	121
122	122.00	122.00	Amgen	122.00	0.00	122	122	122.00	122.00	Amgen	122.00	0.00	122
123	123.00	123.00	Amgen	123.00	0.00	123	123	123.00	123.00	Amgen	123.00	0.00	123
124	124.00	124.00	Amgen	124.00	0.00	124	124	124.00	124.00	Amgen	124.00	0.00	124
125	125.00	125.00	Amgen	125.00	0.00	125	125	125.00	125.00	Amgen	125.00	0.00	125
126	126.00	126.00	Amgen	126.00	0.00	126	126	126.00	126.00	Amgen	126.00	0.00	126
127	127.00	127.00	Amgen	127.00	0.00	127	127	127.00	127.00	Amgen	127.00	0.00	127
128	128.00	128.00	Amgen	128.00	0.00	128	128	128.00	128.00	Amgen	128.00	0.00	128
129	129.00	129.00	Amgen	129.00	0.00	129	129	129.00	129.00	Amgen	129.00	0.00	129
130	130.00	130.00	Amgen	130.00	0.00	130	130	130.00	130.00	Amgen	130.00	0.00	130

BEERS, WINES & SPIRITS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
131	131.00	131.00	Amgen	131.00	0.00	131	131	131.00	131.00	Amgen	131.00	0.00	131
132	132.00	132.00	Amgen	132.00	0.00	132	132	132.00	132.00	Amgen	132.00	0.00	132
133	133.00	133.00	Amgen	133.00	0.00	133	133	133.00	133.00	Amgen	133.00	0.00	133
134	134.00	134.00	Amgen	134.00	0.00	134	134	134.00	134.00	Amgen	134.00	0.00	134
135	135.00	135.00	Amgen	135.00	0.00	135	135	135.00	135.00	Amgen	135.00	0.00	135
136	136.00	136.00	Amgen	136.00	0.00	136	136	136.00	136.00	Amgen	136.00	0.00	136
137	137.00	137.00	Amgen	137.00	0.00	137	137	137.00	137.00	Amgen	137.00	0.00	137
138	138.00	138.00	Amgen	138.00	0.00	138	138	138.00	138.00	Amgen	138.00	0.00	138
139	139.00	139.00	Amgen	139.00	0.00	139	139	139.00	139.00	Amgen	139.00	0.00	139
140	140.00	140.00	Amgen	140.00	0.00	140	140	140.00	140.00	Amgen	140.00	0.00	140

BUILDING, TIMBER, ROADS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
141	141.00	141.00	Amgen	141.00	0.00	141	141	141.00	141.00	Amgen	141.00	0.00	141
142	142.00	142.00	Amgen	142.00	0.00	142	142	142.00	142.00	Amgen	142.00	0.00	142
143	143.00	143.00	Amgen	143.00	0.00	143	143	143.00	143.00	Amgen	143.00	0.00	143
144	144.00	144.00	Amgen	144.00	0.00	144	144	144.00	144.00	Amgen	144.00	0.00	144
145	145.00	145.00	Amgen	145.00	0.00	145	145	145.00	145.00	Amgen	145.00	0.00	145
146	146.00	146.00	Amgen	146.00	0.00	146	146	146.00	146.00	Amgen	146.00	0.00	146
147	147.00	147.00	Amgen	147.00	0.00	147	147	147.00	147.00	Amgen	147.00	0.00	147
148	148.00	148.00	Amgen	148.00	0.00	148	148	148.00	148.00	Amgen	148.00	0.00	148
149	149.00	149.00	Amgen	149.00	0.00	149	149	149.00	149.00	Amgen	149.00	0.00	149
150	150.00	150.00	Amgen	150.00	0.00	150	150	150.00	150.00	Amgen	150.00	0.00	150

BUILDING, TIMBER, ROADS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
151	151.00	151.00	Amgen	151.00	0.00	151	151	151.00	151.00	Amgen	151.00	0.00	151
152	152.00	152.00	Amgen	152.00	0.00	152	152	152.00	152.00	Amgen	152.00	0.00	152
153	153.00	153.00	Amgen	153.00	0.00	153	153	153.00	153.00	Amgen	153.00	0.00	153
154	154.00	154.00	Amgen	154.00	0.00	154	154	154.00	154.00	Amgen	154.00	0.00	154
155	155.00	155.00	Amgen	155.00	0.00	155	155	155.00	155.00	Amgen	155.00	0.00	155
156	156.00	156.00	Amgen	156.00	0.00	156	156	156.00	156.00	Amgen	156.00	0.00	156
157	157.00	157.00	Amgen	157.00	0.00	157	157	157.00	157.00	Amgen	157.00	0.00	157
158	158.00	158.00	Amgen	158.00	0.00	158	158	158.00	158.00	Amgen	158.00	0.00	158
159	159.00	159.00	Amgen	159.00	0.00	159	159	159.00	159.00	Amgen	159.00	0.00	159
160	160.00	160.00	Amgen	160.00	0.00	160	160	160.00	160.00	Amgen	160.00	0.00	160

CANADIANS

1991	Low	High	Stock	Price	Chg	Vol	1991	Low	High	Stock	Price	Chg	Vol
161	161.00	161.00	Amgen	161.00	0.00	161	161	161.00	161.00	Amgen	161.00	0.00	161
162	162.00	162.00	Amgen	162.00	0.00	162	162	162.00	162.00	Amgen	162.00	0.00	162
163	163.00	163.00	Amgen	163.00	0.00	163	163	163.00	163.00	Amgen	163.00	0.00	163
164	164.00	164.00	Amgen	164.00	0.00	164	164	164.00	164.00	Amgen	164.00	0.00	164
165	165.00	165.00	Amgen	165.00	0.00	165	165	165.00	165.00	Amgen	165.00	0.00	165
166	166.00	166.00	Amgen	166.00	0.00	166	166	166.00	166.00	Amgen	166.00	0.00	166
167	167.00	167.00	Amgen	167.00	0.00	167	167	167.00	167.00	Amgen	167.00	0.00	167
168	168.00	168.00	Amgen	168.00	0.00	168	168	168.00	168.00	Amgen	168.00	0.00	168
169	169.00	169.00	Amgen	169.00	0.00	169	169	169.00	169.00	Amgen	169.00	0.00	169
170	170.00	170.00	Amgen	170.00	0.00	170	170	170.00	170.00	Amgen	170.00	0.00	170

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS													
921	121	Alcoa P1 20	535	+	02	+	2	5	7.8				
922	120	Alcoa Cols 10c	375	-	3		1	2	24.4				
923	119	Alcoa Cols 10c	375	-	3		1	2	24.4				
924	118	Alcoa Cols 10c	375	-	3		1	2	24.4				
925	117	Alcoa Cols 10c	375	-	3		1	2	24.4				
926	116	Alcoa Cols 10c	375	-	3		1	2	24.4				
927	115	Alcoa Cols 10c	375	-	3		1	2	24.4				
928	114	Alcoa Cols 10c	375	-	3		1	2	24.4				
929	113	Alcoa Cols 10c	375	-	3		1	2	24.4				
930	112	Alcoa Cols 10c	375	-	3		1	2	24.4				
931	111	Alcoa Cols 10c	375	-	3		1	2	24.4				
932	110	Alcoa Cols 10c	375	-	3		1	2	24.4				
933	109	Alcoa Cols 10c	375	-	3		1	2	24.4				
934	108	Alcoa Cols 10c	375	-	3		1	2	24.4				
935	107	Alcoa Cols 10c	375	-	3		1	2	24.4				
936	106	Alcoa Cols 10c	375	-	3		1	2	24.4				
937	105	Alcoa Cols 10c	375	-	3		1	2	24.4				
938	104	Alcoa Cols 10c	375	-	3		1	2	24.4				
939	103	Alcoa Cols 10c	375	-	3		1	2	24.4				
940	102	Alcoa Cols 10c	375	-	3		1	2	24.4				
941	101	Alcoa Cols 10c	375	-	3		1	2	24.4				
942	100	Alcoa Cols 10c	375	-	3		1	2	24.4				
943	99	Alcoa Cols 10c	375	-	3		1	2	24.4				
944	98	Alcoa Cols 10c	375	-	3		1	2	24.4				
945	97	Alcoa Cols 10c	375	-	3		1	2	24.4				
946	96	Alcoa Cols 10c	375	-	3		1	2	24.4				
947	95	Alcoa Cols 10c	375	-	3		1	2	24.4				
948	94	Alcoa Cols 10c	375	-	3		1	2	24.4				
949	93	Alcoa Cols 10c	375	-	3		1	2	24.4				
950	92	Alcoa Cols 10c	375	-	3		1	2	24.4				
951	91	Alcoa Cols 10c	375	-	3		1	2	24.4				
952	90	Alcoa Cols 10c	375	-	3		1	2	24.4				
953	89	Alcoa Cols 10c	375	-	3		1	2	24.4				
954	88	Alcoa Cols 10c	375	-	3		1	2	24.4				
955	87	Alcoa Cols 10c	375	-	3		1	2	24.4				
956	86	Alcoa Cols 10c	375	-	3		1	2	24.4				
957	85	Alcoa Cols 10c	375	-	3		1	2	24.4				
958	84	Alcoa Cols 10c	375	-	3		1	2	24.4				
959	83	Alcoa Cols 10c	375	-	3		1	2	24.4				
960	82	Alcoa Cols 10c	375	-	3		1	2	24.4				
961	81	Alcoa Cols 10c	375	-	3		1	2	24.4				
962	80	Alcoa Cols 10c	375	-	3		1	2	24.4				
963	79	Alcoa Cols 10c	375	-	3		1	2	24.4				
964	78	Alcoa Cols 10c	375	-	3		1	2	24.4				
965	77	Alcoa Cols 10c	375	-	3		1	2	24.4				
966	76	Alcoa Cols 10c	375	-	3		1	2	24.4				
967	75	Alcoa Cols 10c	375	-	3		1	2	24.4				
968	74	Alcoa Cols 10c	375	-	3		1	2	24.4				
969	73	Alcoa Cols 10c	375	-	3		1	2	24.4				
970	72	Alcoa Cols 10c	375	-	3		1	2	24.4				
971	71	Alcoa Cols 10c	375	-	3		1	2	24.4				
972	70	Alcoa Cols 10c	375	-	3		1	2	24.4				
973	69	Alcoa Cols 10c	375	-	3		1	2	24.4				
974	68	Alcoa Cols 10c	375	-	3		1	2	24.4				
975	67	Alcoa Cols 10c	375	-	3		1	2	24.4				
976	66	Alcoa Cols 10c	375	-	3		1	2	24.4				
977	65	Alcoa Cols 10c	375	-	3		1	2	24.4				
978	64	Alcoa Cols 10c	375	-	3		1	2	24.4				
979	63	Alcoa Cols 10c	375	-	3		1	2	24.4				
980	62	Alcoa Cols 10c	375	-	3		1	2	24.4				
981	61	Alcoa Cols 10c	375	-	3		1	2	24.4				
982	60	Alcoa Cols 10c	375	-	3		1	2	24.4				
983	59	Alcoa Cols 10c	375	-	3		1	2	24.4				
984	58	Alcoa Cols 10c	375	-	3		1	2	24.4				
985	57	Alcoa Cols 10c	375	-	3		1	2	24.4				
986	56	Alcoa Cols 10c	375	-	3		1	2	24.4				
987	55	Alcoa Cols 10c	375	-	3		1	2	24.4				
988	54	Alcoa Cols 10c	375	-	3		1	2	24.4				
989	53	Alcoa Cols 10c	375	-	3		1	2	24.4				
990	52	Alcoa Cols 10c	375	-	3		1	2	24.4				
991	51	Alcoa Cols 10c	375	-	3		1	2	24.4				
992	50	Alcoa Cols 10c	375	-	3		1	2	24.4				
993	49	Alcoa Cols 10c	375	-	3		1	2	24.4				
994	48	Alcoa Cols 10c	375	-	3		1	2	24.4				
995	47	Alcoa Cols 10c	375	-	3		1	2	24.4				
996	46	Alcoa Cols 10c	375	-	3		1	2	24.4				
997	45	Alcoa Cols 10c	375	-	3		1	2	24.4				
998	44	Alcoa Cols 10c	375	-	3		1	2	24.4				
999	43	Alcoa Cols 10c	375	-	3		1	2	24.4				
1000	42	Alcoa Cols 10c	375	-	3		1	2	24.4				

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Continued on next page

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Global Energy Fund	5	630.23	30.51	32.44
Global Gold Fd	5	19.56	19.56	23.80
Global Leisure Fnd	5	57.85	57.85	61.51
Global Technology Fnd	5	28.22	28.22	31.07

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IRELAND (SIR REGISTERS)									
Fund Name	Unit Price	Change	YTD %	3Y %	5Y %	Assets	Manager	Investment	Notes
Irish Bond Fund	1.12	+0.01	+1.2	+15.5	+28.1	£1.2m	Irish Bond Fund	Bond	
Irish Equity Fund	1.05	+0.02	+2.5	+22.1	+45.3	£1.5m	Irish Equity Fund	Equity	
Irish Growth Fund	1.18	+0.03	+3.1	+25.8	+52.1	£1.8m	Irish Growth Fund	Growth	
Irish Income Fund	1.08	+0.01	+1.5	+18.2	+32.5	£1.1m	Irish Income Fund	Income	
Irish Money Fund	1.02	+0.01	+1.0	+12.5	+22.1	£1.0m	Irish Money Fund	Money	
Irish Real Estate Fund	1.15	+0.02	+2.8	+20.5	+40.1	£1.3m	Irish Real Estate Fund	Real Estate	
Irish Venture Capital Fund	1.20	+0.04	+3.5	+28.1	+55.2	£1.6m	Irish Venture Capital Fund	Venture Capital	
Irish World Fund	1.10	+0.02	+2.2	+21.5	+42.1	£1.4m	Irish World Fund	World	
Irish Zero Fund	1.00	+0.01	+1.1	+11.5	+21.1	£0.9m	Irish Zero Fund	Zero	
Irish Short-Term Fund	1.03	+0.01	+1.3	+13.5	+23.1	£1.0m	Irish Short-Term Fund	Short-Term	
Irish Long-Term Fund	1.07	+0.01	+1.7	+17.5	+33.1	£1.1m	Irish Long-Term Fund	Long-Term	
Irish Balanced Fund	1.04	+0.01	+1.4	+14.5	+27.1	£1.2m	Irish Balanced Fund	Balanced	
Irish Conservative Fund	1.01	+0.01	+1.2	+12.5	+22.1	£1.0m	Irish Conservative Fund	Conservative	
Irish Aggressive Fund	1.09	+0.02	+2.0	+20.5	+40.1	£1.3m	Irish Aggressive Fund	Aggressive	
Irish Diversified Fund	1.06	+0.01	+1.6	+16.5	+31.1	£1.1m	Irish Diversified Fund	Diversified	
Irish International Fund	1.13	+0.02	+2.3	+23.5	+43.1	£1.4m	Irish International Fund	International	
Irish Global Fund	1.16	+0.03	+2.6	+26.5	+46.1	£1.5m	Irish Global Fund	Global	
Irish Multi-Asset Fund	1.11	+0.02	+2.1	+21.5	+41.1	£1.3m	Irish Multi-Asset Fund	Multi-Asset	
Irish Alternative Fund	1.14	+0.03	+2.4	+24.5	+44.1	£1.4m	Irish Alternative Fund	Alternative	
Irish Hedge Fund	1.17	+0.04	+2.7	+27.5	+47.1	£1.5m	Irish Hedge Fund	Hedge	
Irish Private Equity Fund	1.19	+0.05	+3.0	+30.5	+50.1	£1.6m	Irish Private Equity Fund	Private Equity	
Irish Real Estate Development Fund	1.21	+0.06	+3.3	+33.5	+53.1	£1.7m	Irish Real Estate Development Fund	Real Estate Development	
Irish Infrastructure Fund	1.23	+0.07	+3.6	+36.5	+56.1	£1.8m	Irish Infrastructure Fund	Infrastructure	
Irish Natural Resources Fund	1.25	+0.08	+3.9	+39.5	+59.1	£1.9m	Irish Natural Resources Fund	Natural Resources	
Irish Environmental Fund	1.27	+0.09	+4.2	+42.5	+62.1	£2.0m	Irish Environmental Fund	Environmental	
Irish Socially Responsible Fund	1.29	+0.10	+4.5	+45.5	+65.1	£2.1m	Irish Socially Responsible Fund	Socially Responsible	
Irish Ethical Fund	1.31	+0.11	+4.8	+48.5	+68.1	£2.2m	Irish Ethical Fund	Ethical	
Irish Sustainable Development Fund	1.33	+0.12	+5.1	+51.5	+71.1	£2.3m	Irish Sustainable Development Fund	Sustainable Development	
Irish Green Fund	1.35	+0.13	+5.4	+54.5	+74.1	£2.4m	Irish Green Fund	Green	
Irish Clean Technology Fund	1.37	+0.14	+5.7	+57.5	+77.1	£2.5m	Irish Clean Technology Fund	Clean Technology	
Irish Renewable Energy Fund	1.39	+0.15	+6.0	+60.5	+80.1	£2.6m	Irish Renewable Energy Fund	Renewable Energy	
Irish Water Fund	1.41	+0.16	+6.3	+63.5	+83.1	£2.7m	Irish Water Fund	Water	
Irish Waste Management Fund	1.43	+0.17	+6.6	+66.5	+86.1	£2.8m	Irish Waste Management Fund	Waste Management	
Irish Recycling Fund	1.45	+0.18	+6.9	+69.5	+89.1	£2.9m	Irish Recycling Fund	Recycling	
Irish Environmental Protection Fund	1.47	+0.19	+7.2	+72.5	+92.1	£3.0m	Irish Environmental Protection Fund	Environmental Protection	
Irish Nature Conservation Fund	1.49	+0.20	+7.5	+75.5	+95.1	£3.1m	Irish Nature Conservation Fund	Nature Conservation	
Irish Wildlife Fund	1.51	+0.21	+7.8	+78.5	+98.1	£3.2m	Irish Wildlife Fund	Wildlife	
Irish Biodiversity Fund	1.53	+0.22	+8.1	+81.5	+101.1	£3.3m	Irish Biodiversity Fund	Biodiversity	
Irish Conservation Fund	1.55	+0.23	+8.4	+84.5	+104.1	£3.4m	Irish Conservation Fund	Conservation	
Irish Heritage Fund	1.57	+0.24	+8.7	+87.5	+107.1	£3.5m	Irish Heritage Fund	Heritage	
Irish Cultural Fund	1.59	+0.25	+9.0	+90.5	+110.1	£3.6m	Irish Cultural Fund	Cultural	
Irish Arts Fund	1.61	+0.26	+9.3	+93.5	+113.1	£3.7m	Irish Arts Fund	Arts	
Irish Music Fund	1.63	+0.27	+9.6	+96.5	+116.1	£3.8m	Irish Music Fund	Music	
Irish Literature Fund	1.65	+0.28	+9.9	+99.5	+119.1	£3.9m	Irish Literature Fund	Literature	
Irish Film Fund	1.67	+0.29	+10.2	+102.5	+122.1	£4.0m	Irish Film Fund	Film	
Irish Theatre Fund	1.69	+0.30	+10.5	+105.5	+125.1	£4.1m	Irish Theatre Fund	Theatre	
Irish Visual Arts Fund	1.71	+0.31	+10.8	+108.5	+128.1	£4.2m	Irish Visual Arts Fund	Visual Arts	
Irish Media Fund	1.73	+0.32	+11.1	+111.5	+131.1	£4.3m	Irish Media Fund	Media	
Irish Communications Fund	1.75	+0.33	+11.4	+114.5	+134.1	£4.4m	Irish Communications Fund	Communications	
Irish Information Fund	1.77	+0.34	+11.7	+117.5	+137.1	£4.5m	Irish Information Fund	Information	
Irish Knowledge Fund	1.79	+0.35	+12.0	+120.5	+140.1	£4.6m	Irish Knowledge Fund	Knowledge	
Irish Innovation Fund	1.81	+0.36	+12.3	+123.5	+143.1	£4.7m	Irish Innovation Fund	Innovation	
Irish Creativity Fund	1.83	+0.37	+12.6	+126.5	+146.1	£4.8m	Irish Creativity Fund	Creativity	
Irish Imagination Fund	1.85	+0.38	+12.9	+129.5	+149.1	£4.9m	Irish Imagination Fund	Imagination	
Irish Inspiration Fund	1.87	+0.39	+13.2	+132.5	+152.1	£5.0m	Irish Inspiration Fund	Inspiration	
Irish Vision Fund	1.89	+0.40	+13.5	+135.5	+155.1	£5.1m	Irish Vision Fund	Vision	
Irish Dream Fund	1.91	+0.41	+13.8	+138.5	+158.1	£5.2m	Irish Dream Fund	Dream	
Irish Hope Fund	1.93	+0.42	+14.1	+141.5	+161.1	£5.3m	Irish Hope Fund	Hope	
Irish Faith Fund	1.95	+0.43	+14.4	+144.5	+164.1	£5.4m	Irish Faith Fund	Faith	
Irish Love Fund	1.97	+0.44	+14.7	+147.5	+167.1	£5.5m	Irish Love Fund	Love	
Irish Kindness Fund	1.99	+0.45	+15.0	+150.5	+170.1	£5.6m	Irish Kindness Fund	Kindness	
Irish Compassion Fund	2.01	+0.46	+15.3	+153.5	+173.1	£5.7m	Irish Compassion Fund	Compassion	
Irish Mercy Fund	2.03	+0.47	+15.6	+156.5	+176.1	£5.8m	Irish Mercy Fund	Mercy	
Irish Grace Fund	2.05	+0.48	+15.9	+159.5	+179.1	£5.9m	Irish Grace Fund	Grace	
Irish Peace Fund	2.07	+0.49	+16.2	+162.5	+182.1	£6.0m	Irish Peace Fund	Peace	
Irish Justice Fund	2.09	+0.50	+16.5	+165.5	+185.1	£6.1m	Irish Justice Fund	Justice	
Irish Liberty Fund	2.11	+0.51	+16.8	+168.5	+188.1	£6.2m	Irish Liberty Fund	Liberty	
Irish Equality Fund	2.13	+0.52	+17.1	+171.5	+191.1	£6.3m	Irish Equality Fund	Equality	
Irish Freedom Fund	2.15	+0.53	+17.4	+174.5	+194.1	£6.4m	Irish Freedom Fund	Freedom	
Irish Democracy Fund	2.17	+0.54	+17.7	+177.5	+197.1	£6.5m	Irish Democracy Fund	Democracy	
Irish Tolerance Fund	2.19	+0.55	+18.0	+180.5	+200.1	£6.6m	Irish Tolerance Fund	Tolerance	
Irish Respect Fund	2.21	+0.56	+18.3	+183.5	+203.1	£6.7m	Irish Respect Fund	Respect	
Irish Dignity Fund	2.23	+0.57	+18.6	+186.5	+206.1	£6.8m	Irish Dignity Fund	Dignity	
Irish Honor Fund	2.25	+0.58	+18.9	+189.5	+209.1	£6.9m	Irish Honor Fund	Honor	
Irish Integrity Fund	2.27	+0.59	+19.2	+192.5	+212.1	£7.0m	Irish Integrity Fund	Integrity	
Irish Honesty Fund	2.29	+0.60	+19.5	+195.5	+215.1	£7.1m	Irish Honesty Fund	Honesty	
Irish Sincerity Fund	2.31	+0.61	+19.8	+198.5	+218.1	£7.2m	Irish Sincerity Fund	Sincerity	
Irish Authenticity Fund	2.33	+0.62	+20.1	+201.5	+221.1	£7.3m	Irish Authenticity Fund	Authenticity	
Irish Transparency Fund	2.35	+0.63	+20.4	+204.5	+224.1	£7.4m	Irish Transparency Fund	Transparency	
Irish Accountability Fund	2.37	+0.64	+20.7	+207.5	+227.1	£7.5m	Irish Accountability Fund	Accountability	
Irish Responsibility Fund	2.39	+0.65	+21.0	+210.5	+230.1	£7.6m	Irish Responsibility Fund	Responsibility	
Irish Commitment Fund	2.41	+0.66	+21.3	+213.5	+233.1	£7.7m	Irish Commitment Fund	Commitment	
Irish Dedication Fund	2.43	+0.67	+21.6	+216.5	+236.1	£7.8m	Irish Dedication Fund	Dedication	
Irish Devotion Fund	2.45	+0.68	+21.9	+219.5	+239.1	£7.9m	Irish Devotion Fund	Devotion	
Irish Loyalty Fund	2.47	+0.69	+22.2	+222.5	+242.1	£8.0m	Irish Loyalty Fund	Loyalty	
Irish Fidelity Fund	2.49	+0.70	+22.5	+225.5	+245.1	£8.1m	Irish Fidelity Fund	Fidelity	
Irish Faithfulness Fund	2.51	+0.71	+22.8	+228.5	+248.1	£8.2m	Irish Faithfulness Fund	Faithfulness	
Irish Trustworthiness Fund	2.53	+0.72	+23.1	+231.5	+251.1	£8.3m	Irish Trustworthiness Fund	Trustworthiness	
Irish Reliability Fund	2.55	+0.73	+23.4	+234.5	+254.1	£8.4m	Irish Reliability Fund	Reliability	
Irish Dependability Fund	2.57	+0.74	+23.7	+237.5	+257.1	£8.5m	Irish Dependability Fund	Dependability	
Irish Soundness Fund	2.59	+0.75	+24.0	+240.5	+260.1	£8.6m	Irish Soundness Fund	Soundness	
Irish Soundness Fund	2.61	+0.76	+24.3	+243.5	+263.1	£8.7m	Irish Soundness Fund	Soundness	
Irish Soundness Fund	2								

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WORLD STOCK MARKETS

[illegible]**CANADA**[illegible]

INDICES

NEW YORK DOW JONES										1981									
	July 28	July 29	July 30	July 31	1981	Stock completion						July 28	July 29	July 30	July 31	1981			
	28	29	30	31		HIGH	LOW	HIGH	LOW						HIGH	LOW			
Alechem	2965.54	2972.50	2985.10	2984.25	3025.15	2490.50	2490.50	2490.50	41.25	AMERICAN	1574.2	1587.5	1583.1	1599.0	1574.2 (08/7)	1584.5 (08/1)			
Allegheny	94.78	94.68	94.79	94.68	94.68	94.68	94.68	94.68	54.91	AMERICAN	703.1	703.1	703.1	703.1	703.2 (08/7)	704.4 (08/1)			
Allegheny	1211.04	1216.00	1218.74	1215.58	1261.99	1044.30	1044.30	1044.30	32.92	AMERICAN	488.26	488.26	488.26	488.26	488.26 (08/7)	488.26 (08/1)			
Allegheny	204.00	202.77	201.45	200.52	204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
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Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21	1126.85	1128.95	1122.15 (07/7)	1127.99 (07/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	579.86	575.24	574.64	574.88	580.01 (08/7)	580.01 (08/1)			
Allegheny					204.00	199.12	199.12	199.12	30.50	AMERICAN	1129.76	1134.21							

TOKYO - Most Active Stocks

	Stocks	Closing	Change,		Stocks	Closing	Change,
	Traded	Prices	on		Traded	Prices	on
			day				day
Nippon Steel	5.0m	620	+0	Nippon Mining	4.2m	720	+0
Nippon Airlines	5.0m	120	+0	Nippon Steel Steel	3.5m	1,070	+0
AB Nippon Air	4.5m	130	+0	Mitsubishi Heavy	3.1m	720	+0
Nippon ON	4.3m	980	+12	Mitsubishi Const	3.2m	2,840	+0
NKK	4.2m	390	0	Kanagawa Steel	3.5m	700	+0

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NOTES - Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. x/ Ex dividend. x/ Ex scrip issue. x/ Ex rights. x/ Ex all. † South African prices unavailable July 30.

NY

	PI	Sta	Class
Qty. Yld.	E 10%	High	Low

Continued on page 174

NY

5

AND

CONT

PLANNING

NEW YORK

FREE

NASDAQ NATIONAL MARKET

2:37 am prices July 3

[illegible]

2:30 pm prices July 30

[illegible]

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FINANCIAL TIMES

The FT proposes to publish this survey on September 25 1991. This survey will be relevant to those companies participating at ITMA and Interstoff. In fact, it will be of the utmost interest to all FT readers involved in this industry- from fibre suppliers to machinery manufacturers, from textile manufacturers to the retailers. For a copy of the editorial synopsis and advertisement details contact:

FT SURVEYS

AMERICA

Dow returns above 3,000 on resilient bond market

Wall Street

BUOYED by a resilient bond market, share prices moved confidently higher yesterday morning, pushing the Dow Jones Industrial Average back above the 3,000 mark, writes Patrick Harverson in New York.

By 1 pm the Dow was up 23.48 at 3,008.72 in active trading. The broader-based Standard & Poor's 500 was also firmer, up 2.39 at 385.54 at 1 pm, as was the Nasdaq composite of over-the-counter stocks, which rose 3.38 to 498.73. Turnover on the New York SE was a heavy 101m shares by 1 pm.

Analysts had been expecting a surge in prices for some time. The market declined to react positively to the reduction in long-term interest rates last week, so yesterday's gains were regarded as an overdue response to lower borrowing costs. The latest economic news - higher June home sales and steady employment costs but lower July consumer confidence - proved mixed and had little effect on overall sentiment. Friday's employment report is the next piece of data likely to move the market.

Boeing gave a boost to the Dow, rising 2% to \$46, on turnover of 1.5m shares after the aerospace giant reported a 17 per cent improvement in second quarter profit. A strong contribution from its commercial divisions cancelled out shortfalls in defence and space orders.

Whirlpool also posted a big gain on strong earnings. The stock jumped 2% to \$34, after the white goods manufacturer reported a sharp increase in second quarter profit to \$3 cents a share, aided by a good recovery in income at the group's Brazilian affiliates.

Merck rose 1% to \$126, in active trading after several analysts reiterated their "buy" ratings on the stock following last Friday's approval from the Food and Drug Administration of Merck's drug Plavix, used to treat hypertension.

Hibernia slumped 1% to \$4, after NCNB, the south-eastern banking group, denied that it was considering investing in Hibernia. Yesterday the stock rose sharply on the unsubstantiated story of NCNB's interest in the Louisiana banking group.

UAL climbed 2% to \$141, on the news that it had with-

drawn its \$25m bid for Pan Am's Latin American operations. Delta, whose bid for Pan Am assets was rejected yesterday by the troubled carrier's unsecured creditors' committee, edged 1% to \$73.

On the over-the-counter market, Valley Capital rose 1% to \$38 after the bank holding company said that it was discussing the sale of the company with an unidentified potential buyer. A newcomer, Progress Software, made a promising debut, trading at \$24 against an issue price of \$26 on turnover of over 1m shares.

Canada

TORONTO stocks climbed higher in midday trade on bargain-hunting in some cyclical blue chips. The composite index gained 12.9 to 3,543.2. Advances led declines by 188 to 177 in slow volume of 11.1m shares. Alcan rose 1% to \$24, Inco gained 1% to \$24, while Cominco slipped 1% to \$23. IAF Biochem continued its march upwards after it said on Monday that initial test results of its AIDS-fighting drug were satisfactory. Its shares rose 1% to \$28, after jumping 1% on Monday.

Budget fuels Bombay's rally to record high

But future gains depend on the government delivering the goods, says RC Murthy

LAST Wednesday's Indian budget has given a second wind to the Bombay equity market, already buoyant after fiscal trade and economic reforms earlier this month. The question now is whether the minority Congress government, which set the scene for the rally, can deliver the goods.

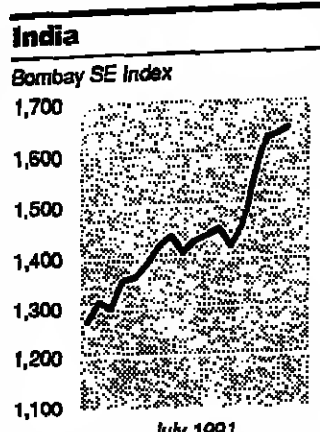
In the three sessions following the budget, the 30-share index of the Bombay Stock Exchange (BSE), India's largest with more than a third of national trading, was up by 210.96 or 15 per cent to an all-time high of 1,830.27 last Friday, surpassing the earlier peak set last October. The BSE index hit a second successive high on Monday, touching 1,879.56 before closing at 1,877.70, up a further 37.72 or 2.4 per cent. Yesterday it rose 9.30 to 1,847.00, another all-time high, but the national index retreated 4.84 to 796.71.

The budget, whose provisions will be debated and voted upon in the coming weeks,

could have a rough passage following Monday's resignation of the labour minister after differences with cabinet colleagues, and criticism of the budget from the opposition, notably the Marxists.

The post-budget upsurge confounded analysts. It proposed a stiff \$200m import of fresh corporate and indirect taxes, and a cut in annual depreciation rates from 33% to 25 per cent, reducing the incentive for industrial investment. "The market should have collapsed," says Mr Vallee Bhanu, a leading analyst.

But traders saw the budget differently. They were prepared for strong medicine, such as subsidy cuts of up to \$100m (\$3.92bn) for the food, fertilizer and other industries, and an across-the-board increase in taxes which should have been especially hard on the booming cement industry. However, the finance minister let cent of the sales tax, and softened the blow of a fertilizer subsidy withdrawal



by phasing it out over three or four years.

Indo-Gulf Fertilisers rose by \$12.75 to \$58.75 at the week-end. Gujarat Ambuja Cement was up \$35.50 to \$220. Reliance Industries, which benefited from import duty and excise cuts, gained \$30 to \$165. Earlier this month, shipping, tea and other export-oriented company shares were spurred

higher by the 18 per cent rupee devaluation and a windfall of import entitlements of up to 30 per cent of their exports, called "exim scrips", which can be sold to foreign exchange-starved importers at a premium under the new trade regime.

Century Textiles and Industries, which exports two-thirds of its cloth production, became the market leader once again as it advanced more than \$1,500 to \$4,500. Great Eastern Shipping, with most of its earnings in foreign currencies, jumped \$22 to \$78.50, and Sea Goa rose by a third to \$35.

Speculative stories flourished. The State Bank of India, formerly the Scottish-owned Imperial Bank of India, quadrupled to \$1,600 on reports of the bank being privatised through a \$5m jumbo offer. The spurt in share prices last week was higher, in aggregate, than the gains of the previous three weeks when the new government, led by Mr Narasimha Rao, started dismantling

restrictions on the corporate sector and avoided an international payments default by shifting gold bullion to the Bank of England.

The Congress move from a mixed to a market economy, and the speed at which a minority administration is pushing through sweeping reforms, has astonished market professionals and politicians alike.

It has drawn flak from leftists, who say that Congress is appeasing the World Bank and the IMF, which are to be approached for a big loan. But Mr Manmohan Singh, the Congress finance minister who is an economist and a former governor of the Reserve Bank of India, says the reforms are in the country's interest.

Meanwhile, in the stock market, too much money is chasing too few quality shares. The bubble could well burst when the speculators square up their short positions and start reckoning with the dark side of the economy.

EUROPE

Banks provide interest in quiet summer trading

BANKS provided the interest on a quiet day as interim results from Germany and Switzerland confirmed losses from the industry of a full earnings recovery in 1991, writes Our Markets Staff.

FRANKFURT continued to find support above the 1,800 line on the DAX index, which closed 9.36 higher at 1,814.93 after a 6.90 gain to 1,732.92 for the FAZ at mid-session.

Volume rose from DM2.5bn to DM3.6bn. Ms Barbara Altmann, of B Metzler in Frankfurt, said that the market had taken some comfort from the gains in New York and Tokyo overnight, that short-covering continued and that there had been some small buying orders, both from Germany and from London.

Banks reflected Friday's good results from Commerzbank, which rose DM4 to DM245.50, and extended the gains at Bayernverein, which put on another DM5.50 to DM396.50 yesterday for a two-day rise of DM15. Dresdner rose DM4 to DM337.50 on confirmation that Allianz, the insurer, had raised its stake to 23 per cent.

Among retailers, rights in Douglas stopped trading separately and the shares, relieved of this distraction, rose DM19 to DM718. But Karstadt was only into its second day of rights trading and the shares lost another DM2 to DM572 for a two-day fall of DM17.

MILAN was lifted by a late banking rally, but trading remained thin as the current political uncertainty increased the possibility of early elections. The Comit index rose 0.97 to 589.91 in turnover estimated at slightly more than Monday's 1.51bn, the lowest daily volume in the last six months.

In banks, Credito Italiano rose L85 to L2,735, while Banco di Roma firmed L35 to L2,785. Banca Commerciale Italiana closed L86 up at L4,825.

After the close, state-owned Banco di Napoli said it will offer 100m new ordinary shares

FT-SE Eurotrack 100 - Jul 30									
Hourly changes									
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close		
1107.01	1107.26	1108.29	1108.93	1108.45	1108.29	1108.52	1107.99		
Day's High 1109.25				Day's Low 1106.85					
Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23			
1104.82	1105.03	1105.03	1111.51	1113.02	1113.02	1118.62			
Base value 100 (20/10/80)									

at between L4,000 and L4,500 each to domestic and foreign investors. Banco di Napoli's shares were unchanged at L1,910.

ZURICH featured a SF40 rise to SF2,040 in CSD Holding bearers on the good first half results from Credit Suisse, its banking subsidiary. The Credit Suisse index, meanwhile, rose 1.8 to 541.

MADRID edged lower, the general index losing just 0.23 to 269.51 in volume of around Pta11bn. A 1.5m share block trade in Banco Central, Pta90 stronger at Pta4,285, enlivened the banking sector.

Campsa was suspended following Monday's announcement that Spain's leading oil refiners have agreed to take over the former retail monopoly's marketing operations, and launch a public bid for the 2.5 per cent of Campsa traded on the Spanish stock exchanges.

PARIS ended slightly lower in very quiet holiday trading. The CAC-40 index closed 1.31 lower at 1,750.93. Volume was estimated at no more than FF1.5bn, after FF1.7bn.

Analysts said there was some buying of stocks with clear earnings visibility. Alcatel-Alsthom rose FF5 to FF573 with 91,270 shares traded. Investment certificates in Rhône-Poulenc rose FF4 to FF235 after its US unit, Rhône-Poulenc Rorer, reported a second quarter net profit of \$63.3m against a loss of \$178.1m in the year-to-date period.

On the downside, Peugeot stayed weak after Monday's fall. The stock lost FF10 to FF577 in 79,725 shares. Casino, the retailer, succumbed to prof-

it-taking after its recent rise, losing FF2.40 to FF160.60 with a respectable 112,500 shares traded.

OSLO was boosted by stronger-than-expected first half results from the pharmaceutical company, Hælsund Nymed. The all-share index climbed 3.35 to 565.58 in turnover worth Nkr306m, of which Nkr22m was in Hælsund.

Hälsund A shared jumped Nkr9 to Nkr206, while Hälsund B gained Nkr8.50 to Nkr221. First half pre-tax profits of Nkr339m compared with market expectations of around Nkr500m. Mr Andrew Porter at Nikko said that fears of Hälsund's aggressive acquisition programme, and its exposure to the dollar and the yen, were proving to be unfounded.

STOCKHOLM was underpinned by continued demand for Astra and Ericsson. The Affarsvärlden general index rose 1.9 to 1,110.2 in low volume of SKr25m after SKr23m.

AMSTERDAM ended mixed, the CBS tendency index closing unchanged at 93.1. The trading house, Borsum, tumbled by FF1.90, or 12.5 per cent to FF163.70 after it issued a profit warning for 1991.

ISTANBUL dropped 3.1 per cent to a new 1991 low on panic sales on economic uncertainty and rising interest rates. The index fell 6.44 to 2,695.94.

BRUSSELS was led higher by the chemical company UCB, the market's first rise in 11 sessions. The Bel-20 index added 5.55 to 1,129.78.

UCB, which had jumped 2.5 per cent in the previous two sessions, added another 2.2 per cent to BF17,675 with 3,520 shares traded.

ASIA PACIFIC

Higher futures prices lift Nikkei by 1.8%

Tokyo

SHARE prices rose sharply yesterday, pushed up by higher futures prices, lower bond yields and arbitrage-related buying by dealers, writes Emilio Terazono in Tokyo.

The Nikkei average closed up 429.05 or 1.8 per cent at 23,872.63 after opening at the day's low of 23,466.50 and rising to 23,861.13 in the afternoon. Volume increased to 280m shares, but most of the activity came from dealers as institutions stayed away.

Gains led declines by 733 to 212, with 153 issues unchanged. The Topix index of all first section stocks added 20.94 at 1,846.98, and in London the S&P/Nikkei 50 index put on 2.59 to 418.77.

Prospects of lower interest rates pushed up the futures market. The Nikkei futures broke through a psychological resistance level of 24,000 to finish 420 higher at 24,300.

Traders noted that institutions were trading futures due to the low volume in the cash market. "Institutions are paying the price for liquidity by buying expensive futures," said Mr Graham Biggart at Schroder Securities. But he added that a modest downward correction was likely soon.

Securities companies were firm, investors believing that Monday's revelation of the names of clients compensated by the Big Four concluded the recent stock market scandals. Nomura improved Y30 to Y1,800 and Nikko Y21 to Y941.

Airline shares were stronger on a sharp increase in overseas

travellers and stable fuel prices. Japan Airlines advanced Y20 to Y1,210 and All Nippon Airways Y30 to Y1,430. Marubeni finished a net Y23 up at Y590 after an initial decline. Some investors were discouraged by the company's involvement in the recent stock market scandals. The company and its affiliates were the fourth largest recipient of investment loss compensation from the Big Four. It was also recently involved in a steel fraud scandal, where former employees were arrested for allegations of setting up fictitious steel deals.

In Osaka, the OSE average rose 212.76 to 26,328.33 on volume of 18.3m shares. Rohm, the integrated circuit maker, appreciated Y30 to Y2,320 on expectations of an upward revision in earnings.

Roundup

ECONOMIC optimism boosted Antipodean markets yesterday, while disappointing half-time results weighed on Singapore and Kuala Lumpur.

AUSTRALIA went to its highest level since last August on forecasts from Mr John Kerin, government treasurer, that inflation could fall to 3 per cent by the end of the year. News that the current account deficit had narrowed in June also helped. The All Ordinaries index rose 6.7 to 1,574.2 in turnover of AS\$23m, after AS\$17m.

TNT, which had jumped 15 cents or 22 per cent on Monday, added 2 cents at 85 cents after the company confirmed that it had signed a joint venture agreement with four European post offices and the Canadian post office to create an express and courier operation.

NEW ZEALAND continued Monday's pre-budget rally on hopes that the government would implement drastic cuts in spending patterns that would help it achieve a target of balancing its budget by 1993. The NZSE-50 index climbed 30.2 or 2.1 per cent to 1,477.6.

However, share prices came off their highs in a special extended session in a cautious reaction to the budget, in spite

of news of a narrower than expected deficit. A tightening of company tax laws also cast a shadow over shares.

The NZSE-40 index closed the special session 15.95 or 1.1 per cent higher on the day at 1,463.36. Turnover expanded to a heavy NZ\$46.6m from NZ\$31.2m.

KUALA LUMPUR drifted lower as earlier optimism on earnings waned. The market was disappointed by the interim results from General Lumber. The composite index slipped 5.05 to 602.06 in volume of M\$73.1m, against M\$78.1m.

The plantation stock index fell 1.9 per cent on reports that US soyabean growers were in a favoured position to ship a substantial quantity of soyabean oil to India, possibly displacing Malaysian palm oil shipments.

SINGAPORE weakened, affected by disappointing interim results from Sembawang Maritime. The Straits Times Industrial index lost 8.54 to 1,486.28, while volume eased to \$480.92m from Monday's \$410.42m that was inflated by the listing of CSA Holdings.

SEOUL gained ground for the fourth straight session to reach the highest level this year. The composite index closed at 734.48, up 20.21 or 3 per cent on record volume of Won972.8bn. Share prices rose on optimism that the market was emerging from the doldrums after 27 months.

HONG KONG continued to digest its recent record-breaking gains. The Hang Seng index shed 24.46 to 3,991.83 and turnover fell to HK\$1.36bn, its lowest volume in a month, from Monday's HK\$1.6bn.

TAIWAN finished higher after a volatile day. The weighted index ended 42.24 ahead at 5,227.33 but turnover fell to T\$27bn from T\$42bn.

BANGKOK was pushed upwards by gains in the construction sector. The SET index closed 1.54 firmer at 743.95 on turnover of B\$5.02bn.

MANILA was boosted by the telephone blue chip PLDT's sharp overnight gain in New York. The composite index moved ahead 21.80 to 1,021.72. Combined turnover rose to 120.3m pesos from 97.2m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 29 1991										FRIDAY JULY 26 1991										DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	1991 High	1991 Low	Year ago (approx)
Australia (60)	147.24	+0.2	130.36	128.58	134.18	128.09	+0.3	5.10	146.90	128.10	127.95	132.77	125.99	148.05	112.74	146.86								
Austria (20)	175.45	-1.3	155.34	153.22	159.90	159.36	-0.5	1.74	177.73	155.19	154.62	160.64	160.18	222.37	187.00	279.66								
Belgium (40)	127.33	-1.2	112.74	111.18	118.04	113.36	-0.2	5.20	128.84	113.23	112.22	118.45	113.59	151.20	121.73	158.35								
Canada (110)	136.63	+0.0	122.63	121.83	127.25	116.17	+0.0	3.34	136.67	122.99	121.57	126.14	116.23	142.27	126.49	136.50								
Denmark (37)	132.14	-0.5	122.25	120.18	129.80	122.17	+0.2	1.52	128.45	122.74	122.08	125.17	120.85	217.74	275.12									
Finland (16)	96.86	+0.2	87.58	86.33	90.10	87.32	+0.0	2.78	98.62	86.67	85.91	88.14	86.81	125.15	90.00	138.59								
France (110)	126.96	-1.3	114.16	112.61	117.82	120.98	-0.6	3.98	130.67	114.84	113.61	118.09	121.59	132.28	120.50	159.61								
Germany (60)	105.19	-1.7	93.14	91.67	95.87	85.57	-0.3	2.34	107.04	94.07	93.25	96.74	96.74	125.39	102.03	141.77								
Hong Kong (50)	168.05	-0.4	148.76	146.75	153.16	167.24	-0.4	4.15	168.70	148.26	146.95	152.49	167.85	116.62	143.05									
Ireland (19)	153.51	-0.1	135.92	134.06	139.91	141.47	+0.5	3.53	135.60	134.98	133.79	138.82	140.76	182.46	132.86	185.35								
Italy (77)	73.84	-1.5	65.37	64.48	67.29	72.18	-0.6	3.24	74.93	65.25	65.26	67.72	72.68	88.28	68.89	106.82								
Japan (474)	129.41	-0.7	114.58	113.01	117.95	113.01	-0.4	0.75	130.28	114.48	113.48	117.76	113.48	148.87	118.35	142.32								
Malaysia (60)	197.30	-0.9	174.83	172.30	179.61	189.02	-1.0	2.15	199.17	175.04	173.49	180.02	180.82	205.65	116.62	206.05								
Mexico (16)	133.28	-1.3	109.48	108.79	109.82	109.82	-1.3	1.46	114.40	104.86	103.56	103.56	103.56	116.26	84.46	102.01								
Netherlands (31)	137.60	-0.6	121.83	120.18	125.41	124.07	+0.2	4.32	138.38	121.61	120.53	125.07	123.79	145.73	125.70	145.96								
New Zealand (14)	47.15	+1.0	41.74	41.17	42.97	43.85	+1.1	6.94	46.89	41.08	40.67	42.20	43.37	54.54	41.18	96.41								
Norway (32)	193.88	-1.3	170.17	168.93	176.74	179.71	-0.6	1.63	196.18	170.00	171.07	175.07	180.67	229.24	182.84	261.15								
Singapore (50)	167.50	-0.5	174.60	172.30	178.81	189.02	-1.0	2.15	199.17	175.04	173.49	180.02	180.82	205.65	116.62	206.05								
South Africa (10)	281.50	-0.3	205.32	202.51	217.34	174.21	+2.1	3.19	208.18	210.20	208.33	216.17	170.67	265.93	170.67	265.93								
Spain (54)	147.20	-0.2	130.39	128.56	134.15	122.27	+0.6	4.42	147.62	128.94	126.50	133.33	121.53	171.12	131.51	178.40								
Sweden (27)	189.80	-0.2	167.57	165.58	172.61	177.76	+0.4	2.50	189.89	166.97	165.49	171.72	177.47	204.12	146.80	226.00								
Switzerland (58)	91.94	-0.1	81.40	80.29	83.60	87.36	+0.0	2.21	93.04	81.74	81.02	84.87	87.36	107.47	105.49									
United Kingdom (240)	173.41	-0.3	133.50	131.58	140.48	134.54	-0.3	3.12	164.86	131.58	131.57	137.47	137.47	168.47	158.27	172.83								
USA (60)	168.05	+0.5	137.91	136.25	143.94	155.03	+0.5	3.12	162.94	136.56	136.57	139.93	139.93	158.27	158.27	172.83								
Europe (630)	186.02	-0.3	160.43	158.77	123.97	122.72	-0.1	3.80	187.22	160.59	119.58	124.03	124.03	161.62	125.50	165.16								
Asia (102)	199.22	-0.5	184.02	181.78	168.94	165.60	-0.2	1.97	198.10	183.55	162.10	166.20	165.24	200.61	182.84	200.61								
Pacific Basin (718)	130.83	-0.8	115.93	114.34	119.33	114.79	-0.4	1.10	161.74	115.77	114.74	116.07	115.23	145.92	117.96	142.43								
Europe - Pacific (1553)	133.26	-0.7	118.01	116.58	121.46	116.74	-0.3	2.23	134.25	117.98	116.93	121.33	119.05	147.56	121.29	146.00								
North America (841)	150.40	-0.5	138.38	134.41	141.18	125.46	+0.5	3.13	163.26	134.89	133.51	135.35	151.69	157.04	125.91	143.02								
Europe Ex. UK (565)	113.58	-1.2	100.83	99.47	103.01	100.00	-0.5	0.73	114.40	99.47	99.47	100.00	100.00	100.00	100.00	100.00								
Asia Pacific (244)	168.05	-0.4	148.76	146.75	153.16	167.24	-0.4	4.15	168.70	148.26	146.95	152.49	167.85	116.62	143.05									
World Ex. US (1745)	135.11	-0.7	119.62	118.08	123.14	120.18	-0.2	2.26	136.12	119.63	118.58	122.04	120.39	146.18	122.32	148.32								
World Ex. UK (2031)	137.72	-0.2	121.94	120.28	123.63	128.81	+0.0	2.34	138.07	121.34	120.27	124.08	126.78	145.73	126.08	142.78								
World Ex. So. Af. (2210)	140.24	-0.2	124.17	122.48	127.83	130.77	+0.0	2.59	140.59	123.55	122.46	127.07	130.73	148.66	122.92	145.19								
World Ex. Japan (1779)	146.23	-0.1	131.24	129.43	135.11	141.08	+0.4	3.45	148.33	132.33	132.34	141.01	140.92	152.83	125.09	148.94								